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Managing Collaborative Arrangements

A Guide for Regional Managers

Canada

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MANAGING COLLABORATIVE ARRANGEMENTS

TREASURY BOARD OF CANADA SECRETARIAT

FEBRUARY 2003

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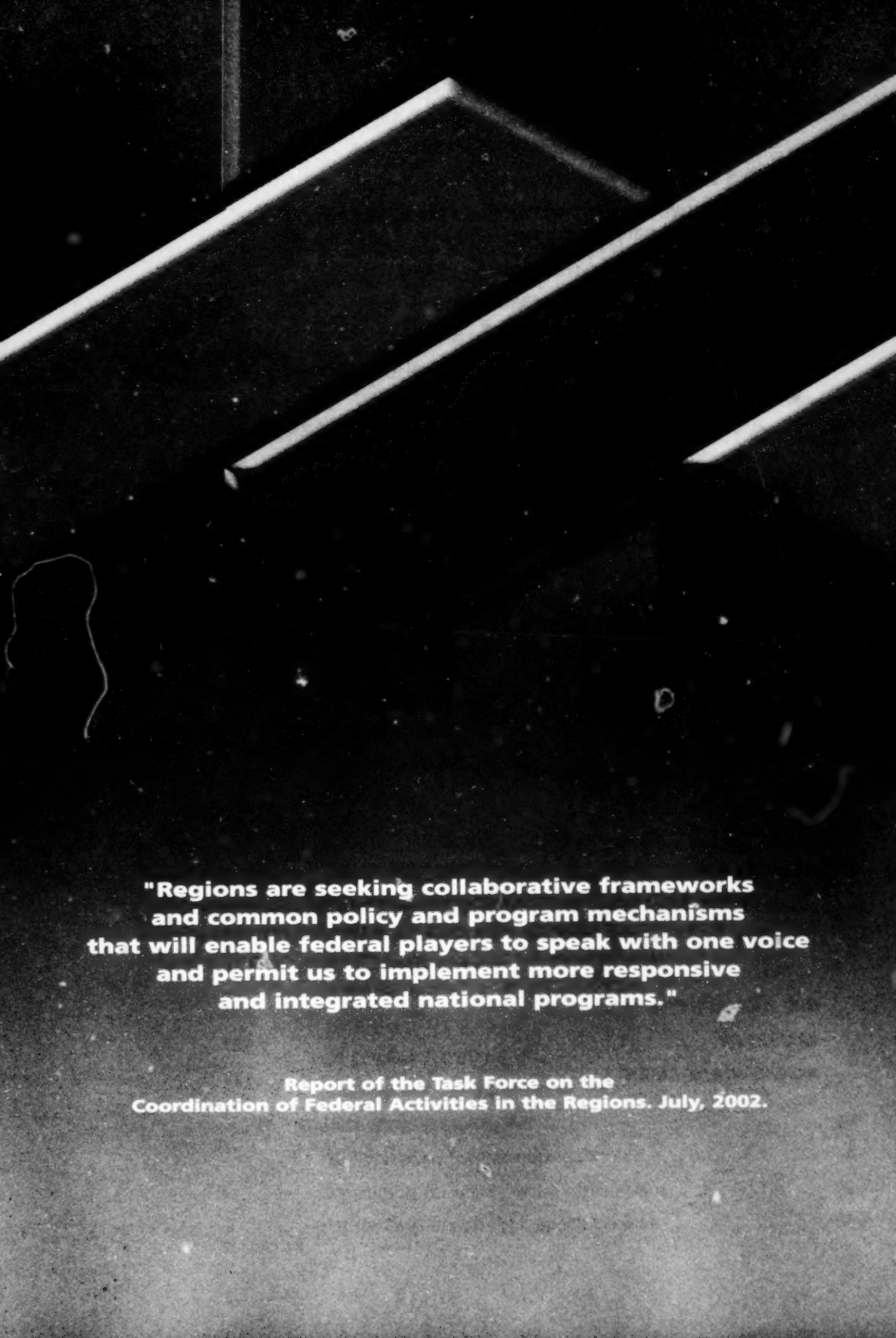

"Regions are seeking collaborative frameworks
and common policy and program mechanisms
that will enable federal players to speak with one voice
and permit us to implement more responsive
and integrated national programs."
Report of the Task Force on the
Coordination of Federal Activities in the Regions. July, 2002.

Purpose of this guide

This guide is intended for the use of regional managers and anyone involved in the management of horizontal initiatives or projects. For those requiring more detailed information on technical matters, references to policy documents and guides are included in footnotes, and related hyperlinks are provided.

The purpose of this guide is to provide regional managers with practical information, interpretations of rules and policies, best practices, frameworks, checklists, and other tools related to the various steps and elements of collaborative arrangements.

The approach followed focuses mainly on providing "how to" information about technical policies and mechanisms required to set up and manage collaborative arrangements, accompanied by examples that help illustrate the various types of collaborative circumstances and management considerations.

"Our ability to undertake collective endeavours underlies better support to Ministers and their ability to deliver on the federal agenda and to improve service to Canadians."[1]

Origin of this guide

In 2001, the Clerk of the Privy Council established a Task Force to study issues related to the coordination of federal activities in the regions. The Task Force was co-chaired by George Anderson, Deputy Minister, PCO, and Carole Swan, Associate Secretary, Treasury Board Secretariat. The Task Force made a number of recommendations designed to address challenges of managing numerous key horizontal files. One of their recommendations was that TBS develop a "guide for the management of collaborative arrangements in the regions, including partnership agreements and best practices". This guide is the response to the Task Force recommendation.

1 Report of the Task Force on the Coordination of Federal Activities in the Regions. July 2002, http://www.tbs-sct.gc. ca/rc-cr/ or http://publiservice.tbs-sct.gc.ca/rc-cr

The nature of horizontal management in the regions

Horizontal management is about working collaboratively across organization boundaries.

This type of management is pervasive, occurring at every level in an organization. It involves bringing people from diverse organizational and occupational backgrounds together into teams and networks with a common purpose and, eventually, a shared culture (a shared culture is a product of a long working relationship and is an essential ingredient to an effective partnership).

There are few hard and fast rules to horizontal management — it is an art more than a science. There are few policies and procedures written specifically for the purpose of managing collaborative arrangements. Thus, a special effort is required by managers and functional experts to understand how rules that are typically designed for use within a department can be applied among departments and with other partners. This is particularly true in the regional context, where there is often a pressing need to find ways to work together with partners within and outside government in order to deliver services and programs efficiently and in response to community needs.

The policy person or functional expert at headquarters or in central agencies is likely to have much less experience with and knowledge about the requirements of working together in the regions. Thus the onus is on the regional manager to describe the objectives of proposed collaborative relationships, how these relate to departmental mandates and to seek out advice and guidance. In response, the headquarters person is expected to appreciate the need to work in partnership, understand specific regional circumstances and help find ways in which polices and procedures can be used to achieve results. This guide is intended to help in the search for dialogue between the field and headquarters.

Purpose and nature of a collaborative initiative or partnership[2]

A collaborative arrangement (or partnership — both will be used interchangeably in this guide, although it is recognized that the term partnership takes on a definite legal meaning when partnering with the private sector — see caution in Section E5), from the perspective of the public sector, is an arrangement between a government institution and one or more parties (inside or outside government) where there is an explicit agreement to work cooperatively to achieve public policy objectives and where there is:

- Delineation of authority and responsibility among partners
- Joint investment of resources (such as time, funding, expertise)
- Allocation of risk among partners
- Mutual or complementary benefits

This broad definition allows for a wide variety of arrangements that can be classified in many ways, including purpose, type of activity, duration, geographical scope, number and identity of partners, institutional arrangement, type of agreement, extent of power sharing and the role of government.

In terms of what is being shared, partnering arrangements may be:

- Consultative (share information);
- Contributory (share financial and other support according to one's capacity);
- Operational (share work); or
- Collaborative (share decision-making).

These categories can be cumulative, rather than mutually exclusive.

Sharing decision-making is probably the most difficult objective to achieve. Ensure that roles and responsibilities are established early and clearly. Failing to do so can lead to difficult relationships, confusion, reduced effectiveness, and other factors that will be detrimental to the partnering arrangement.

In terms of scope, partnering arrangements vary greatly as to the number and variety of participants, and duration. Thus, the number of participants may range from as few as two to many dozens, and the span of the arrangement may range from a single project, through to a series of projects or a specific time frame to open-ended arrangements with no specific termination date.

2 Alternative Service Delivery, Partnerships: http://www.tbs-sct.gc.ca/si-si/asd-dmps/part/introduction_e.htm; and, Impediments to Partnering and the Role of the Treasury Board (1998) (http://www.tbs-sct.gc.ca/si-si/asd-dmps/part/impediments/1.1_e.htm)

Find more on partnership.

see page 22

Such arrangements can result in innovative, cost-effective and efficient ways to deliver government programs and services. They can improve how governments serve specific citizens' needs by making the right connections across public and private sector organizations, and consequently contribute to achieving results that are meaningful to Canadians.

While the process of setting up collaborative arrangements may appear somewhat onerous, it must be seen against the benefits to be derived from the collaboration.

To be successful and to properly serve the public interest, any partnering arrangement needs clearly defined objectives, well-defined roles and responsibilities (this will often be refined as the relationship progresses) for each of the parties, effective governance structures, accountability mechanisms, transparent decision-making, including dispute resolution processes, performance measures, and results reporting.

While those elements are necessary, their effectiveness is predicated on shared objectives, a similar level of commitment, and trusting relationships between the partners. (Refer to the CCMD publication "From the Heroic to the Everyday" for further elaboration on these themes — http://www.ccmd-ccg.gc.ca/research/publications/index_e.html)

While the process of setting up collaborative arrangements may appear somewhat onerous, it must be seen against the benefits to be derived from the collaboration. These benefits can be:

- Value added for the beneficiaries or the partners themselves
- Cost or operational efficiency
- Harmonization of goals
- Increased impact
- Better information, increased knowledge/know-how
- Elimination/reduction of duplication or overlap

This guide will help you think through and incorporate the critical elements of successful collaborative arrangements as well as provide you with practical tools and examples.

Before addressing the mechanics of forming and managing collaborative arrangements, it is important to reflect on one of the fundamental elements of public service governance, i.e. the principle of accountability. It is particularly crucial in the context of collaborative arrangements where accountabili' is shared or distributed among the partners to the arrangement.

Accountability is often viewed as an obstacle to collaborative initiatives. Indeed, the need to reconcile individual accountability with a collective sense of purpose and responsibility is one of the most significant tensions to be resolved in the management of collaborative efforts.

The flexibility of financial mechanisms is constrained by rules that are set by law (the *Financial Administration Act*) and Treasury Board policies. It must be remembered that our system is designed so that ministers of the government are individually accountable to Parliament. This explains why financial mechanisms do not always appear to be conducive to horizontal cooperation between departments. Parliament requires clear lines of accountability for spending of public funds — joint ministerial accountability risks confusing these clear lines of accountability.

Accountability is an integral and indispensable part of establishing effective relationships for getting things done...

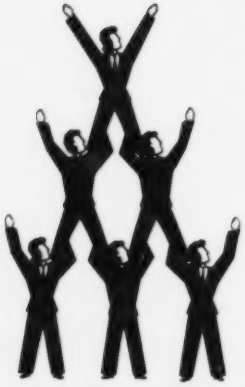
Accountability in the public sector[3]

Conventional interpretation often interprets accountability simply as a process of assigning blame and punishing wrongdoing. In contrast, modern governance and public administration literature, and in some cases practice, sees accountability more as a positive incentive — as an opportunity to demonstrate achievements and stewardship. In this view, accountability is an integral and indispensable part of establishing effective relationships for getting things done and taking responsibility, including when assigning authority and resources.

Key aspects of accountability in Canada rest on traditional principles of Westminster-style government, yet are applied within a public sector quite different from that which existed when the principles were established. Further, new roles of government and alternative approaches to delivering government services, as well as a new results-oriented management culture, are challenging long-held views of accountability.

3 Extracts from *Modernizing Accountability Practices in the Public Sector*, a joint TBS and OAG Draft Discussion Paper, 6 January 1998: http://www.tbs-sct.gc.ca/rma/account/OAGTBS_E.html

There is a tradition of ministerial accountability in Canada. Ministers are individually accountable to Parliament for their own actions and for all aspects of their department's and agencies' activities. Ministers are also collectively accountable for the decisions taken by the Cabinet. Their officials are accountable to the minister for the operation of their organizations, and not to Parliament. While they may be required to answer to Parliament to explain those operations on behalf of their minister, they do not answer to Parliament regarding government policy. They are, when required, *answerable* to Parliament but remain formally accountable to their minister.



Indicators of effective accountability

Clarity of roles and responsibilities. The roles and responsibilities of the parties in the accountability relationship should be well understood and agreed upon.

Clarity of performance expectations. The objectives being pursued, the accomplishments expected and the constraints to be respected should be explicit, understood and agreed upon.

Balance of expectations and capacities. The performance expectations need to be clearly linked to and in balance with the capacity (authorities, skills and resources) of each party to deliver.

Credibility of reporting. Credible and timely information should be reported to demonstrate the performance achieved and what has been learned.

Reasonableness of review and adjustment. The accountable parties should carry out enlightened and informed review of, and provide feedback on, the performance achieved, where achievements and difficulties are recognized and necessary corrections made.

Shared values

Accountability is often established through formal arrangements. Many of the reforms currently being advocated reflect this, but at the same time accountability also operates through the informal relationships within government and between government and citizens.

In the less formal contexts, accountability is more effective to the degree that the parties involved feel individually and collectively accountable and share basic common values of professionalism, honesty and integrity. In such cases, feeling *responsible*, also sometimes described as feeling an *ownership*, is the key to accountability acting as an appropriate incentive. Informal partnering and alliances and similar accountability relationships likely will be more effective the more all parties share these values.

This remains true for more formal accountability arrangements. It is difficult and costly to try to articulate all the values and behavioural standards one expects partners in an accountability arrangement to adhere to. To the extent that shared values of responsibility, ownership, integrity and trust can be developed, the accountability arrangements will be stronger.

Accordingly, initiatives that effectively promote common values and expectations can to some extent reduce the need to formalize aspects of accountability arrangements.

Initiatives that effectively promote common values and expectations can to some extent reduce the need to formalize aspects of accountability arrangements.

Accountability in public sector partnerships

In multi-partner situations, as frequently occur in alternative service delivery initiatives, effective accountability arrangements can be particularly challenging to put in place. And there is a danger that unless care is taken, accountability will be dissipated among a variety of overlapping concerns and interests. The costs of establishing and effectively managing the arrangement need to be carefully considered before they are entered into.

In multi-partner cases, each partner has **dual accountabilities**. On the one hand, the partnership creates accountability arrangements among the partners. In addition, each partner retains accountability obligations to its governing body, such as Parliament in the case of federal partners, for the results of the responsibilities, authorities and resources it contributes to the partnership.

Practical ways need to be found to allow partners to effectively account to each other and to their individual governing bodies.

Accountability mechanisms for collaborative arrangements[4]

The following steps should be followed in order to strengthen accountability:

Develop a clear accountability framework for the management of the partnership. This is important to ensure the systems are in place to monitor how the partnership is doing, to measure and report on results, and to assign responsibility for corrective action. Departments (and ministers) share, but do not abdicate, their responsibilities when they enter into partnerships; they remain accountable and answerable to Parliament for the consequences of their involvement in such arrangements.

Establish and specify the nature, composition and duties of the partnership governance and management structure (e.g., committee, board, organizational entity or position(s) in each partner organization). Flexibility to delegate management functions to a subordinate entity should be provided for, with the delegation of powers and functions to be defined more fully as the partnership evolves. Committee layering should be avoided. Care must be taken to ensure an elaborate committee structure does not become a substitute for ongoing communication and relationship building at all levels of the partner organizations.

Establish a feedback mechanism to solicit the views of beneficiaries/clients on the service provided and on other outputs of the partnership. This information will complement performance data compiled through departmental measurement systems and periodic evaluations. As appropriate, an advisory committee comprised of members of the stakeholder groups (e.g., employees, community, social or environmental) can also be set up jointly to provide strategic direction on the operation of the partnership, along with recommendations for change.

Feed all information on performance, expenditures against plans, and the achievement of results/outcomes into the partnership management structure, and/or the executive branches of the partners on an ongoing basis. This will allow for continuous learning and for timely adjustments to the partnership.

4 Accountability and Mechanisms to Manage, Monitor, Report, Measure and Evaluate against Performance/Quality Standards and Partnership Objectives in Citizen-Centred Service and the Partnership Option: http://www.tbs-sct.gc.ca/si-si/asd-dmps/part/options/ toc_e.htm

Social Union Framework Agreement — Accountability Template

A template has been developed reflecting accountability provisions of the Social Union Framework Agreement (SUFA) — http://www.tbs-sct.gc.ca/rma/account/SUFA_Template.htm. While regional collaborative initiatives are definitely more modest in scope, this template represents a systematic approach to documenting essential information that is related to the commitments of partners of a collaborative agreement. It can help ensure that the partners have consistent, relevant information for the management and reporting of their initiative. (See Annex H for an annotated version of this template, which can be adapted to the scope and needs of the initiative/project at hand.)

While regional collaborative initiatives are definitely more modest in scope, this template represents a systematic approach...

RECOMMENDED STEPS

Accountability

- ❑ Pre-requisite: ensure that partners involved feel individually and collectively accountable and share basic common values of professionalism, honesty and integrity
- ❑ Obtain unequivocal buy-in for the partnerships' objectives
- ❑ Obtain individual and collective agreement on results and their measures
- ❑ Develop a clear accountability framework for the collaborative arrangement
- ❑ Establish and specify the nature, composition and duties of the partnership governance and management structure
- ❑ Communicate all information on performance, expenditures against plans, and the achievement of results/outcomes to the partnership management structure, and/or the executive branches of the partners on an ongoing basis

Print recommended steps from the electronic version of the guide available at http://www.tbs-sct.gc.ca/rc-cr or http://publiservice.tbs-sct.gc.ca/rc-cr

Best practices

Meet frequently to discuss the project.

Keep documentation on decisions made and distribute it to all players.

Ask questions (do not assume someone knows more about the process than you do).

Pitfalls to avoid

Occasionally, when initiatives are decided centrally, some organizations are required to participate because of their mandate. There may be a risk, in such cases, that these partners will place their own organizational mandate ahead of the objectives of the initiative.

Whereas enthusiasm for a project is necessary, it is also possible to get so carried away as to speed to implementation without putting in place the proper arrangement.

General guidance when developing a collaborative arrangement

Increasingly, departments are using collaborative arrangements for delivering on departmental mandates. Indeed, the ability to build alliances, form partnerships, and effectively manage horizontal arrangements, is, in many cases, key to delivering high-quality, cost-effective services to Canadians.

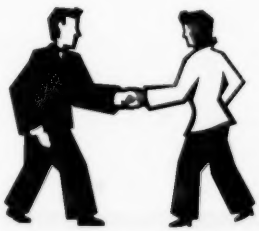
While this section focuses primarily on how to structure formal arrangements, it is recognized that not all situations require spending a lot of time and energy crafting a formal agreement between parties that wish to cooperate on a project.

For example, in cases where the parties agree to work together without transferring any resources to one of the partners, a formal memorandum of understanding may not be necessary. However, it is still useful, sometimes very important, to have some type of documentation (e.g. minutes of meetings, letters) to clarify the contributions and expectations of each of the partners and to help sustain commitments. At a minimum, this could serve to ensure continuity in the cooperation and smooth transitions when individual officers change from time to time.

When cost sharing is occasional and of low dollar value, it may still not be necessary to put in place an elaborate agreement. For example, when a contract needs to be tendered for the acquisition of a service for the benefit of the partner departments, it may be more practical and efficient for one of the partners to manage the administrative process.

This administrative procedure can be kept simpler by avoiding advance payments (no need to set up an "other government department suspense account" — explained in next section). Just make sure there is adequate documentation/arrangement in support of each department's requirement for the service (or good) to provide the basis for charging and recovering the costs on the part of the administering department, and for paying on the part of the other departments. Such arrangement should include:

5 This section is based on two TBS documents: the TBS Supplementary Guide *The Development of Results-based Management and Accountability Frameworks for Horizontal Initiatives* — http://www.tbs-sct.gc.ca/eval/tools_outils/rmaf_crgar_e.asp, and Citizen-Centred Service and the Partnership Option — http://www.tbs-sct.gc.ca/si-si/asd-dmps/part/options/toc_e.htm



A description of the respective responsibilities of the parties involved

Details of the services or goods to be provided

Date(s) when such services or goods are to be provided

The estimated cost involved

The terms and conditions under which recoveries will be made

Any other terms and conditions as considered necessary

In many circumstances, the nature and complexity of the partnership initiative require clear frameworks and mechanisms for decision-making, accountability and reporting. It is usually advantageous to establish a joint framework at the outset that clearly sets this out. This framework need not be overly elaborate and can evolve over time as partners gain experience at working with it. One increasingly common and beneficial approach utilized by managers is the development of Results-based Management and Accountability Frameworks (RMAFs). Created in collaboration with partners, RMAFs help managers establish a:

Sound governance structure

Results-based logic model

Performance measurement strategy

Evaluation strategy

Reporting strategy

See page 18 for further information on RMAFs.

Establishing and documenting a collaborative arrangement

The principles and understandings underpinning the collaborative arrangement must be articulated clearly and precisely in the agreement. Good intentions and a firm handshake are important to get a partnership off on the right track, but an agreement that is clear and comprehensive provides the foundation to keep it there. If the text is too restrictive or, conversely, too open to interpretation, problems will inevitably result.

Collaborative agreements can be formal or informal, and structured in a variety of ways (i.e., Memoranda of Understanding, contractual arrangements, undertakings, or specifically-tailored agreements). However, certain core elements are common to most collaborative arrangements as outlined in sub-section "Purpose and nature of a collaborative initiative or partnership" on page 3. The generic collaborative arrangement framework provided in this section incorporates those core elements. It is a point of departure for organizing your thoughts and for structuring and perhaps even assigning related work. Arranging work files along these lines, and building on them throughout the process, will leave you better positioned when it comes time to draft the agreement. It will also prove valuable in responding to planned or ad hoc briefings for ministers, senior officials and central agencies.

Policy and legal issues should be dealt with as they arise, and the resultant opinions and advice carefully maintained for reference...

Policy and legal issues should be dealt with as they arise, and the resultant opinions and advice carefully maintained for reference at the drafting stage and during the life of the agreement. Departmental functional specialists — particularly in areas such as finance, contracting, human resources and legal services — should be kept informed so that potential problems can be identified and resolved at as early a stage as possible. For similar reasons, departments are encouraged to seek clarification on any outstanding issues or requirements with the Treasury Board Secretariat (TBS) or to otherwise engage TBS officials early in the process.

Selecting the partners

Partners should each have something the other wants — or should both want the same thing: it is important to consider what you need and what you can offer in return. This self-assessment process will allow you to inventory and place a quantifiable or qualitative value on your marketable 'assets' and to list potential partners. Another way of identifying potential partners is to identify a need (information), task (build a bridge) or area of responsibility (community development) that you have in common, and explore the possibilities for collaboration (perhaps involving other parties).

Partners should have compatible — not necessarily identical — values and goals, including a shared commitment to provide quality service at a fair cost to citizens. Partnerships in the public interest do not rule out arrangements with profit-oriented private sector partners. A government product or service with revenue-generating potential may offer a good opportunity to partner with the private sector to supply and/or operate the related system or process — thereby enhancing service and reducing costs.

Partners should strive for fairness in the sharing of responsibilities, costs, risks and benefits. Negotiators will try to achieve a good deal for their principals.

Partners should strive for fairness in the sharing of responsibilities, costs, risks and benefits. Negotiators will try to achieve a good deal for their principals. But think twice if your potential partners are out to win the negotiations at your expense.

By the same token, it would be contradictory for either potential partner to try to dictate the terms and conditions of the arrangement. In some cases, however, public officials may legitimately lack "negotiating room" due to legislative or regulatory constraints. In an open and transparent process, this information should be shared with the potential partner at the outset to manage expectations and maintain trust. Everything else should be placed on the negotiating table.

Partners should exhibit a capacity and willingness to be flexible and adaptable. Partnerships are dynamic relationships; increasingly, they take place in a rapidly changing and turbulent environment. You will want a partner that can weather the inevitable rough spots and take advantage of unexpected opportunities.

Generic collaborative arrangement framework

This framework is only a guide; it is not a substitute for consultation with and contributions by functional authorities and legal advisors. But it does offer an organized frame of reference for thinking about the issues to be addressed and the actions to be taken when conceptualizing, planning, negotiating and documenting a collaborative arrangement:

Purpose and specific intentions

Outline the policy and operational rationale for the collaborative arrangement and its contribution to the achievement of organizational mandates and strategic directions.

Specify target beneficiaries. Outline planned outcomes/services in terms of quality, cost and accessibility, and their relationship to beneficiaries' needs and expectations.

Programs, products or services

Provide a clear description of the programs, products or services to be delivered or acquired, along with negotiated specs, quality and content requirements, and relevant performance or service standards to be met by the partners.

Establish criteria and essential terms and conditions governing eligibility and access, by citizens/clients or partner organizations, to the relevant programs, products or services.

Ensure that the arrangement is framed in such a way as to maximize and not restrict the advantages of the partnership in terms of program and service delivery. Aim for the best case from the beneficiaries' perspective, explore the possibilities, and then adjust, as required, to conform to relevant policies and regulations.

Roles and responsibilities

Highlight the complementary and value-added roles and responsibilities that will be performed by individual partners to the agreement.

Document the operational, administrative, monitoring, reporting and management functions to be carried out - either by one partner or both (accountability linkage).

Ensure that functions/roles are well integrated to provide seamless, high quality service delivery to beneficiaries.

Ensure that the arrangement is framed in such a way as to maximize and not restrict the advantages of the partnership...

Authorities

Clarify legislative, financial and other authorities under which the partnership has been approved and will be administered. Partnership proponents may have to seek specific additional authorities or flexibility from their department HQ or Treasury Board. Note: Departmental managers seeking guidance on such issues should contact their departmental financial specialists first. If the departmental headquarters financial specialists require any further direction, they in turn will contact the Treasury Board Secretariat.

In all cases, but particularly where non-government organizations and community or volunteer groups are involved, ensure that the individual signing the agreement has the requisite legal authority to commit the organization to the terms of the partnership.

Definitions

Provide clarity and precision for technical and other terms specific to the partnership that are not of common usage, or where the meaning of the same word or phrase may vary. This ensures mutual understanding at all stages of discussions, and promotes consistent interpretation of the agreement.

Resource details

Specify the nature and amount of knowledge/information, financial, materiel, real property, human and 'in-kind' resources that each partner has committed to the development, delivery, administration and/or acquisition of a program, product or service (and related overhead to manage the partnership). The 'flow' or actual use of these resources will normally be defined in chronological terms (per federal fiscal year), by project/initiative, by stage or phase and/or be linked to project performance or results/outcomes. While renewal and adjustment provisions can be incorporated into the agreement and funding re-visited, financial commitments should be 'capped' and should not be open-ended.

Clarify if federal financing is in the form of grants, repayable (by partners and/or clients) or non-repayable contributions, or operating funds, as well as the applicable leverage ratio (public/private dollars). An example would be government dollars to be contributed to the initiative, or the government's agreed

upon and capped share of potential losses, as compared to the funds invested or share of potential losses assumed by the other partners. Where contributions to the private sector partner are made by more than one government entity, departments should determine if stacking of government assistance is an issue.

If corporate sponsorships or donations from the private sector or other organizations are a definite or potential source of financing for the partnership, departments should consult with the Comptrollership Branch of TBS to establish the need for a 'specified purpose account' and the conditions under which such funds can be used. The *Policy on Specified Purpose Accounts* can be found on the Treasury Board Web site (http://www.tbs-sct.gc.ca/home_e.html). The Comptrollership Search Index, in particular, provides a very comprehensive source of financial information, policies and directives on everything from activity-based costing to workforce adjustment.

Monitoring, reporting, and evaluation and audit plans

Develop a clear accountability framework for the management of the partnership. This is important to ensure the systems are in place to monitor how the partnership is doing, to measure and report on results, and to assign responsibility for corrective action.

Develop a clear accountability framework for the management of the partnership.

Identify and agree on indicators for outputs and outcomes.

Establish a feedback mechanism to solicit the views of beneficiaries/stakeholders on the service provided and on other outputs of the partnership. This information will complement performance data compiled through departmental measurement systems and periodic evaluations.

Develop a reporting strategy that ensures that plans are in place to report on the results of ongoing performance measurement and evaluation, and that reporting commitments are met.

Seek advice from auditors, as required, to anticipate and/or coordinate any audit requirements. Inform your partners of planned audits in areas covered by the collaborative arrangement.

All information on performance, expenditures against plans, and the achievement of results/outcomes, should be fed into the partnership management structure, and/or the executive branches of the partners on an ongoing basis.

Adjustment, expansion, renewal, dispute resolution and termination clauses

Establish mechanisms to respond effectively to financial and performance information (e.g., variances) and other changed circumstances to resolve problems, take advantage of opportunities, take on additional partners, or otherwise fine-tune the partnership. Partnerships are dynamic relationships carried out over the middle and long term; changes are inevitable. Flexibility should be built into the agreement to ensure changes can be made quickly and with a minimum of process.

Identify, as appropriate, a multiple-stage dispute resolution system. These could range from direct discussions in the management committee, for example, to discussions between senior level representatives of the partner organizations.

Termination

Negotiate and document the conditions under which the partnership can be terminated. A termination clause should provide for a notification ("cooling off") period. It should also outline the respective responsibilities of the partners for managing to their conclusion any outstanding commitments to clients or other stakeholders. In some cases, it will also involve the ultimate disposition of the assets of the partnership (including intellectual property, licenses, etc.) and potential human resource (HR) issues.

Results-based Management and Accountability Framework (RMAF)[6]

Results for Canadians, the management framework for the federal government, clearly sets out the requirement for public service managers to manage for results. Many of the social and economic outcomes (results) the government of Canada aims to achieve require the contribution of two or more departments, jurisdictions or non-governmental organizations.

In June 2000, the Treasury Board *Policy on Transfer Payments* formalized the Results-based Management and Accountability Framework as a component of Treasury Board submissions involving transfer payments. In April 2001, the Treasury Board *Evaluation Policy* identified RMAFs more generally as valuable management tools for major policies, programs and initiatives.

6 Based on the TBS Supplementary Guide *The Development of Results-based Management and Accountability Frameworks for Horizontal Initiatives* — http://www.tbs-sct.gc.ca/eval/tools_outils/rmaf_crgar_e.asp

A Results-based Management and Accountability Framework is intended to help managers:

Describe clear roles and responsibilities for the main partners involved in delivering the policy, program or initiative — a sound governance structure.

Ensure clear and logical design that ties resources to expected outcomes — a results-based logic model that shows a logical sequence of activities, outputs and a chain of outcomes for the policy, program or initiative.

Determine appropriate performance measures and a sound performance strategy that allows managers to track progress, measure outcomes, support subsequent evaluation work, learn and make adjustments to improve, all on an ongoing basis.

Set out any evaluation work that is expected to be done over the lifecycle of a policy, program or initiative.

Ensure adequate reporting of outcomes.

Describe clear roles and responsibilities for the main partners involved in delivering the policy...

The development of an RMAF is not mandatory unless a Treasury Board submission for a Transfer Payment (Grants, Contributions) is involved. However, it represents a sound and beneficial approach to results-based management. It is particularly useful for managing horizontal initiatives that are complex and where clarity of the respective roles, responsibilities and accountabilities of all partners is critical.

Managers should refer to the *Companion Guide — The Development of Results-based Management Frameworks for Horizontal Initiatives* — http://www.tbs-sct.gc.ca/rma/ eppi-ibdrp/coll_res/guide_e.asp — for practical advice on how to develop effective RMAFs for horizontal initiatives.

"Not a Tool Kit"

Another very useful document to assist organizations in defining program objectives and determining performance measures is a publication prepared by Mark Schacter of the Institute On Governance, titled "Not a Tool Kit". See the following Web site: http://www.iog.ca/publications/guide.pdf

Best practices

Agree at the outset on common objectives, performance measures, reporting requirements and evaluation plans.

Look for ways in which to harmonize and streamline reporting requirements.

Test the proposed methodologies with the people that will be required to collect and analyze data.

Think through who will use the data and for what purpose.

Re-visit the reporting plan before launching the project in order to ensure that it is still relevant, practical and not burdensome.

Eliminate duplication and overlap in reporting requirements.

RECOMMENDED STEPS

Forming a collaborative arrangement

- ❑ Define the nature, scope and objectives of the collaboration initiative
- ❑ Share Information with potential partners and stakeholders
- ❑ Seek operational cooperation
- ❑ Establish financial contribution
  - O&M
  - Grants, Contributions, Loans
  - In-kind
- ❑ Identify potential partners: federal departments, other levels of government, voluntary sector, private sector
- ❑ Identify beneficiaries: mutual benefit of partners, citizens/community groups, employees
- ❑ Define roles and contributions from each partner
- ❑ Ensure legislated mandate supports proposed activity
- ❑ Clarify capabilities of partners (financial, expertise, people skills, information, facilities, etc.)
- ❑ Identify a lead department/organization if required

- ❑ Create a secretariat if required
- ❑ Verify if incremental funds are needed
- ❑ Determine if there is a requirement to transfer funds between partners
- ❑ Establish if financial contributions from non-federal partners will be made
- ❑ Establish the governance structure
- ❑ Decision-making process
- ❑ Conflict resolution and termination
- ❑ Management of risks
- ❑ Accountability reporting
- ❑ Communication between partners and with stakeholders/beneficiaries
- ❑ Determine management tools and authorities required
- ❑ Consult with functional authorities
- ❑ Obtain necessary delegation -program, financial, contracting, HR, etc.
- ❑ Ascertain if formal instruments/documents are required for transactions
- ❑ Develop monitoring, reporting and evaluation plan
- ❑ Develop a partnership accountability framework
- ❑ Identify and agree on indicators of performance
- ❑ Ensure partnership and/or appropriate departmental management is kept informed
- ❑ Document the arrangement
- ❑ Depending on nature, scope and type of financial participation, determine the level of formality of the collaborative agreement (minutes of meetings, memos/letters of agreement, formal Memorandum of Understanding).
- ❑ Ensure the collaborative agreement covers all the relevant points addressed above
- ❑ Obtain concurrence of partners and stakeholders

Notes:

Some financial agreements may be required in addition to the collaborative agreement, depending on the nature of the financial participation of the partners. More details are provided in the next section.

See Annex F for information on developing Memoranda of Understanding and Annex G for a checklist for the design and management of new horizontal initiatives.

"Much of the success of horizontal initiatives depends upon the ability of participants to build productive working relationships with each other to some extent outside the regular hierarchy of the public service. This can amount to the creation of a kind of sub-culture focussed on the problem at hand. The key to building such relationships is open communication, continued dialogue and information sharing, which help to build a climate of trust. Credibility is also an important factor in building trust and is won through a series of small actions, such as sticking to agreements, honouring commitments and responding in a timely manner. Honouring small undertakings then builds confidence that larger commitments will be respected. However, building trust and credibility takes time and patience and cannot be achieved overnight."[7]

Communications and marketing[8]

Establish joint responsibilities and approval procedures for marketing and communications strategies and materials, including arrangements for the initial announcement by ministers and/or senior officials of the partner organizations. Integral to this process are client feedback and the measurement of stakeholder satisfaction.

Identify relevant principles and processes to be adhered to in order to ensure that the partnership is portrayed in a manner that is consistent with public service values and ethics, and the objectives and interests of the partners.

Identify points of delivery and contacts in partner organizations, as well as appropriate communications channels and methodologies (or commit the partners to complete this task) for core activities related to the administration, operation and management of the partnership, and for all matters relating to client service.

Obtain a commitment from partners to communicate effectively (perhaps jointly) the details of the partnership and related expectations to their staff, and provide training materials and instruction to all personnel as required during the partnership. The quality of interaction between staff in the partner organizations, and their understanding, acceptance and support will be critical to the success of the partnership.

7 *Horizontal Management Issues Study*, prepared for: Family violence Initiative Interdepartmental Evaluation Working Group, Health Canada, by Consulting and Audit Canada, April 26, 2002

8 Communications and Marketing in *Citizen-Centred Service and the* Partnership *Option* (with minor adaptations): http://www.tbs-sct.gc.ca/si-si/asd-dmps/part/options/ toc_e.htm

The goal of communicating between partners is to generate a high level of interest and awareness among existing (and potential) participants in the collaborative arrangement. This is a key element in sustaining the viability of the collaboration.

Here are the principle elements of a communications strategy or plan:

Public environment — Major issues related to the initiative that have received a media profile: what do the Canadian public, media and key stakeholders think about these issues and related subject?

Target audiences — Those people or groups to be targeted when developing and delivering the communications messages and activities, e.g., potential payment recipients, industry, interest or lobby groups, and others.

Strategic considerations — These describe how the initiative will likely be received, including any elements expected to result in positive or negative reactions. This section also covers the best ways and times to present the initiative and other major issues that could impact the initiative (i.e., economic considerations, local challenges, opponents, by-election, etc.).

Main/key messages — three or four succinct speaking points that will be used by designated spokespeople when publicly discussing the initiative. They should capture the initiative's overall goals and highlights.

Links to other departments — Provincial/territorial or regional sensitivities or partnerships and interdepartmental and/or third-party/stakeholder partnerships. "External networks of clients, interest groups and other stakeholders can provide valuable support for the initiative and help keep it on the political agenda. These networks need to be nurtured through early engagement and regular consultation."[9]

Partnering requires certain skill sets.

see page 68

9 Extracts from: *Horizontal Management Issues Study*, prepared for: Family violence Initiative Interdepartmental Evaluation Working Group, Health Canada, by Consulting and Audit Canada, April 26, 2002

Motivating participants and maintaining momentum

Recognizing that the human element is the single most important factor in the success of any partnership, here are a number of measures that can help to secure on-going commitment from participants in order to maintain the momentum of the initiative:

Maintain focus and try not to lose sight of the fundamental objectives of the initiative.

Set realistic and achievable goals that recognize political and organizational realities and resource limitations.

Don't take on too much at once. Start with small well-defined projects with a high probability of success before embarking on more ambitious projects.

Maintain the flexibility to innovate and respond quickly to emergent opportunities and avoid too much formality and control.

Find ways to recognize the commitment of those involved.

Establish an effective secretariat that can take on as much of the routine work as possible, foster open communication and provide consistent messaging.

Successful meetings are often the key to successful partnerships.

Effective meetings

Successful meetings are often the key to successful partnerships. We have found an excellent Web site that provides hands-on meeting advice for all situations, whether you are a newcomer to meetings or a seasoned pro. It deals with: the importance of meetings, how to create agendas, insights into teamwork, etc. Make sure you visit this site: http://www.effectivemeetings.com

RECOMMENDED STEPS

Sustaining the partnership

- ❑ Establish joint responsibilities and approval procedures for communications strategies and materials
- ❑ Establish approach for obtaining client feedback and measures of stakeholder satisfaction
- ❑ Identify contacts in partner organizations and appropriate communications channels and methods
- ❑ Obtain commitments from partners to communicate effectively (perhaps jointly) the details of the partnership and related expectations
- ❑ Maintain focus and try not to lose sight of the fundamental objectives of the initiative
- ❑ Set realistic and achievable goals that recognize political and organizational realities and resource limitations
- ❑ Maintain the flexibility to innovate and respond quickly to emergent opportunities and avoid too much formality and control
- ❑ Find ways to recognize the commitment of those involved

Best practices

Outline specific tasks that need to be done.

Assign specific functions to each of the team members.

Have them report to the group on a regular basis on progress.

Keep the lines of communication open.

Factors determining financial arrangements

The type of financial arrangement best suited to the needs of a particular partnership will vary...

There are several types of financial mechanisms available for sharing resources in a collaborative arrangement. The type of financial arrangement best suited to the needs of a particular partnership will vary depending on the following factors:

Whether funds from various organizational sources are required to be pooled or not.

Whether the partner organizations are all federal departments or if other levels of government, voluntary or private sectors are involved.

If funds need to be pooled, are advances required or will payments be made upon nvoicing?

Are the funds being used for internal government operations, joint operations with other levels of government, voluntary or private sectors, or to provide benefits to non-government organizations?

What types of funds are involved, O&M or Grants & Contributions?

Types of collaborative situations and related financial options

Following are the key types of collaborative situations that might be encountered, the financial mechanisms available for each situation, and the degree to which formal arrangements are required.

1. Between federal departments without transfer of funds
2. Between federal departments with pooling of Operating or Capital funds
3. Between federal departments in the delivery of contributions programs
4. With non-federal partners that contribute funding
5. With non-federal partners, with federal financial participation

1. Collaboration between federal departments without transfer of funds

This is a situation where there is no need or desire to transfer funds between departments to achieve the objectives of the collaborative venture.

Example

The Canadian Maritime Network (CANMARNET) is an information system designed to improve communication and the sharing of information between federal departments working on maritime affairs. As a partner in CANMARNET, departments can access up-to-date information about shipping in the region, including positional and useful background details. Partners in CANMARNET now include DFO, the Coast Guard, DND, CCRA, Citizenship and Immigration, CSIS, the RCMP, Transport Canada and Environment Canada. DND has acted as the lead department on this project, providing infrastructure and staffing for the network. DND has provided the funding for the start-up and maintenance of CANMARNET. Partner departments provide the equipment that they themselves need to access the network. As well, partners provide information in exchange for access to the network.

Policy comments

Each partner operates with its own **legislative mandate and authorities**. The legislative mandate is always a mandatory requirement to ensure a department is acting according to the authority provided by Parliament. When each partnering department manages its own activities and resources, everything is done under the authorities of these departments (there is no delegation of authorities as would be the case if one department were to administer a program or fund on behalf of another).

From a **financial mechanism** perspective, this type of collaborative situation does not require any special arrangement, as the participating departments are not carrying out any activities they would not otherwise perform if they were not part of the partnership. Funds expended are within the context of their own departmental activities. This does not preclude financial contributions, or contributions in kind (see note below), towards the joint objectives of an initiative, provided the department is acting within its legislated mandate.

In the case of CANMARNET the partners, with the exception of DND, are simply sharing information they are already collecting for their own purposes. DND has undertaken activities and expended resources that it would not have had to do were it not for the collaborative initiative. However, DND acted within its mandate and it considered that the benefits of the network outweigh the costs of setting up and maintaining the system.

Managers should be aware that non-monetary transactions (in kind contributions) valued at over $100,000 are treated as monetary transactions. Also, all non-monetary transactions must provide an audit trail.[10]

RECOMMENDED STEPS

Collaborative arrangement without transfer of funds

- ❑ Define the contribution to be made by partners toward achieving the objectives of the collaborative arrangement
- ❑ Ensure departments' contributions are supported by their legislated mandate and departmental objectives
- ❑ Ensure adequate resources are available to support departmental contribution to the collaborative arrangement (individual department responsibility)
- ❑ Obtain partners' concurrence with respect to respective contributions
- ❑ Define collaborative decision-making process
- ❑ Define reporting and communications requirements as necessary
- ❑ Document the agreement in appropriate form (simple in this case)

10 Policy on Accounting for Non-monetary Transactions — http://www.tbs-sct.gc.ca/ pubs_pol/dcgpubs/tbm_142/5-13-1_e.html#policy%20statement

2. Collaboration between federal departments with pooling of Operating or Capital funds

There are two types of situations in which departments might pool Operating or Capital funds:

A department transfers funds (in advance or upon invoicing) to another department in exchange for the provision of goods or services.

A department delegates or transfers program authority, along with funding, to another department.

The first situation involves a **transfer of funds to another department** in order to pay for activities that are in support of the joint objectives of the participating departments. These activities could be the letting of a service contract by one department on behalf of all partners (e.g. to carry out a study, to provide conference facilitation services, administrative services, etc.); they could also be functions performed by one department for the whole partnership (e.g. additional personnel for program support, acquisition of equipment serving a common purpose, etc.). Financial mechanisms most suited for these situations are the Interdepartmental Settlements and OGD suspense accounts (see sections below).

The second situation, which is much less frequent, involves **delegation or an actual transfer of legislated authority**, along with the related funds, by a department to an administering department. In these cases, the program authority, along with the funding, is transferred through the Parliamentary Estimates - this requires the approval of Ministers involved (see section below on use of Supplementary Estimates).

Examples

Strength in Diversity Program (SIDP)

Atlantic Coastal Zone Information Steering Committee (ACZISC)

Pay and Benefits Centre of Excellence managed by Health Canada for a number of departments in Montreal

Newfoundland Economic Renewal Agreement

The Strength in Diversity Program is funded through TBS's Employment Equity Positive Measures Program, which sunsets in 2002 (funding was provided to individual departments). Health Canada was chosen as the lead department because it manages a learning centre in Halifax that could be used as the central training facility for SIDP. Health Canada also houses the initiative coordinators and provides administrative support. Other participating departments are HRDC, Canada Customs and Revenue Agency, INAC, DND, DFO and Public Works and Government Services.

Five of the seven departments contribute $20,000 in cash each year, while the other two make in-kind contributions.

The Nova Scotia Federal Council acts as the coordinating mechanism. A series of MOUs were signed between the Federal Council and the seven participating departments. Five of the seven departments contribute $20,000 in cash each year, while the other two make in-kind contributions. The $100,000 funds the salaries of the two coordinators that are housed by Health Canada in two yearly instalments by ACOA on behalf of the Federal Council. (ACOA was chosen in part because its mandate includes "coordination of the federal mandate in its area". The Federal Council could not receive funds from other departments, as it is not a legal entity).

The Atlantic Coastal Zone Information Steering Committee was initially set up to ensure that provincial departments had access to the zonal information that they required for decision-making. Soon membership to ACZISC was opened to up to seven interested federal departments. Later, the membership was also extended to the private sector and to First Nations. The current purpose of ACZISC is that of "information sharing" in respect of coastal zoning issues.

The steering committee for ACZISC is a committee of equals; a particular department did not initiate it and no department has taken the lead. The steering committee — which meets about three or four times each year — has representation from all of the member departments, private industry and First Nations organizations. The steering committee has terms of reference, by-laws and operations protocols. The steering committee decides what activities ACZISC will undertake.

There is a small secretariat that carries out the work for ACZISC. The secretariat is located in the International Oceans Institute of Canada. It reports to the steering committee and takes directions from it.

In order to pool resources, it is first necessary to look at the work plan, cost it out in terms of staffing, and agree on the split between the provinces and the federal departments. The provinces and the federal departments contribute on an equal basis. The provinces work out a formula for cost sharing amongst themselves, and the federal contributions are paid out of the departments' operating funds upon invoicing.

The secretariat invoices the departments once a year — this has become a routine practice. The secretariat reports back to the Steering Committee on projects funded. Recently, a MOU was completed securing the funding commitment of participating federal departments for the next three years. This is a vital step in the process to ensure a level of predictability for the project.

Some agencies/ departments have to go further up the line in order to ensure that the funding is provided.

There have been occasions when departments have not paid their contributions, or there are occasions when the secretariat experiences delays in funding. Some agencies/departments have to go further up the line in order to ensure that the funding is provided. At times, the secretariat has depended on funds advanced by ACOA (as an emergency loan).

The **Pay and Benefits Centre of Excellence** started when Health Canada in Montreal was approached by a few departments towards the end of the Program Review period to provide pay and benefits administration services. Originally, Health Canada agreed to help smaller organizations that had difficulty attracting or retaining pay administration clerks. The situation has gradually evolved and Health Canada now operates this service for a number of departments on a cost recovery basis. Staff resources from some of those departments are co-located in a facility rented by Health Canada, thereby allowing for the sharing of expertise and improvement in the level and quality of service.

A separate set of accounts is maintained for each department receiving the service and payments are made to Health Canada through Interdepartmental Settlements. Health Canada advances the funds to pay for salaries and O&M and invoices client departments on a quarterly basis. The separate set of accounts is necessary to explain the variances that appear in the Health Canada books due to the incremental costs of operating this service. The additional administrative costs associated with that process are absorbed by Health Canada.

Policy comments

In these types of situations, each department operates with its own legislative mandate and authorities. In the case SIDP, each participating department has the authority to spend for the purpose of furthering employment for their staff, but none, except ACOA — another could have been the PSC — has a mandate for coordinating such activities on behalf of others. This explains why departments are making their contribution through ACOA. ACOA, in turn, has an agreement with Health Canada whereby it delegates the responsibility for coordinating such activities against reimbursement from ACOA for the salaries of the two coordinators.

In these types of situations, each department operates with its own legislative mandate and authorities.

In the case of ACZISC, each department is essentially contracting with the International Oceans Institute of Canada for its Secretariat services in support of their departmental program objectives. This is done through its terms of reference, by-laws and operations protocols.

Newfoundland Economic Renewal Agreement — This is a situation where both the delegated and program authority were transferred. This program, started in 1996, involved five partners: ACOA, Fisheries (federal and provincial), and Tourism (federal and provincial). ACOA could not legally deliver some elements of the program and therefore made use of the following mechanisms:

An MOU with DFO for delegation of program delivery authority, as they had an existing capacity to deliver such a program (see Annex B for an MOU example);

Other Government Department (OGD) suspense account to advance funds to DFO for disbursement to clients;

TB submission and Parliamentary Estimates changes to move responsibility for an element of the program and related funds to Canadian Heritage, because it was closely related to existing departmental programs;

Specified Purpose Account (will be covered in another section dealing with collaborations with non-federal partners) to deal with an advance received from the Provincial government (in order to allow for the issuance of a single payment to clients); and

Ministerial authority for a contribution agreement needed to create a working capital fund.

Financial Mechanisms

The choice of financial mechanisms to be used is determined by whether the requirement involves:

A). A department providing goods or services to another (directly, or indirectly through acquisition); or

B). A department administering another department's program.

Financial mechanisms to recover incremental costs:

For Requirement "A" — Providing goods or services

The Interdepartmental Settlements process; or

The creation of an "other government department suspense account" (OGD suspense account), for use in situations where the administering department is incurring expenditures for another department that do not fall within its mandate and consequently cannot be charged to that department's Vote.

For Requirement "B" — Administering another department's program (for instance, the administration and payment of a grant or contribution program), the choice of:

Settling payments through the Interdepartmental Settlements process;

Creating an OGD suspense account;

Delegating signing authority from the responsible department to the spending department; or

Have the authority and funds transferred from the other department's appropriation to its own appropriation — this is done through the Estimates process.

Following is a brief description of each financial mechanism.

Interdepartmental settlements[11]

The interdepartmental settlement is the **most frequent payment method used to transfer funds between departments.** The process consists in the creditor department initiating an Interdepartmental Settlement (IS) using Standard Payment System (SPS) for the majority of transaction types. (Exceptions, where the debtor department will initiate an IS, are listed in Chapter 9 of the *Receiver General Manual*.)

Departments must adhere to time limits for the processing and questioning of transactions. Prior to proceeding with "questioning" of an IS, departments should clarify and resolve any issues through bilateral discussions, as required. Departments are to follow IS processing guidelines prepared by the Receiver General that are available on the Intranet at http://publiservice.pwgsc.gc.ca/cars-sccr/is/welcome-e.html.

Other Government Department (OGD) suspense accounts[12]

An OGD suspense account is meant to improve the efficiency of some elements of program delivery. It is intended to improve the decision-making process and resource management. **The creation of the OGD suspense account, in effect, establishes a "line of credit" that permits the spending department to charge expenditures on behalf of the funding department.**

Under a memorandum of understanding (MOU), the funding department delegates its spending authority up to a certain limit to the spending department while the funding department retains full accountability for resource use. The funding department's parliamentary appropriation is charged for the amount advanced to the spending department's suspense account. Over the year, the spending department must charge to the OGD suspense account all expenses related to the program. At year-end, (or more often, as specified in the MOU), all charges under the MOU must be transferred from the spending department OGD suspense account to the funding department's appropriation.

By definition, a suspense account is an account to which a transaction is posted on a temporary basis until its ultimate disposition is determined. At year-end, unspent funds in an OGD suspense account must be returned to the funding department.

11 Policy on Interdepartmental Charging and Transfers Between Appropriations: http://www.tbs-sct.gc.ca/Pubs_pol/dcgpubs/TBM_142/ICTA_e.html

12 Policy on Interdepartmental Charging and Transfers Between Appropriations: http://www.tbs-sct.gc.ca/Pubs_pol/dcgpubs/TBM_142/ICTA_e.html

Delegation of authority

When a department administers another department's program, the initiating Minister may grant delegated signing authority to the administering department. That is, where a minister is authorized to further delegate his authority, i.e. sections 33 and 34 of the *Financial Administration Act*, and if no statute limits this authority, then the Minister may choose to delegate that authority to people in another department or even to people outside the federal public service. For further details see the Comptrollership Policy on "Delegation of Authorities" — http://www.tbs-sct.gc.ca/Pubs_pol/dcgpubs/TBM_142/2-1-1_e.html#Pol — and the Information Bulletin on "Delegation of Financial Authorities" on the TBS website.

Transfer through Supplementary Estimates

This approach involves the transfer of program responsibility and authority, as well as associated funds, from a department's appropriation to another department that becomes responsible for delivering the program. This is most appropriate for significant and multi-year initiatives where a given department has greater capacity to deliver a program (e.g. it has similar or compatible programs, it has existing qualified resources, some efficiencies and greater effectiveness would result, etc.).

It is important to note that, in this case, the spending authority will be transferred, not delegated. The administering department will have full authority and responsibility to deliver the program and will be responsible to account for all expenditures charged to its appropriation.

It is important to note that, in this case, the spending authority will be transferred, not delegated.

Therefore, a department that wants to retain accountability for a program should not transfer its authority through the Estimates. Instead it should enter an agreement whereby it delegates its authority to an administering department through the establishment of an OGD suspense account.

The Estimates process is rather heavy as it requires Ministers involved to sign the agreement, and Parliament needs to approve the transfer through the Government Expenditures Estimates (either Supplementary or Main). While the approval of the Treasury Board is not normally required, a copy of the MOU signed by Ministers must be provided to the Treasury Board Secretariat in order to effect the transfer, since the Treasury Board President is responsible for tabling Estimates in Parliament.

Written Agreement

All financial arrangements between departments need to be documented in writing. This includes all cases where a department spends funds on behalf of another.

All financial arrangements between departments need to be documented in writing.

For interdepartmental settlements, this could take the form of minutes of an interdepartmental committee meeting, a letter of agreement, or a formal MOU.

The financial arrangement should be negotiated by the responsible managers within the organizations concerned and include:

A clear delineation of the respective responsibilities of the parties involved.

Specifications detailing the goods or services to be provided.

Date(s) when such goods or services are to be provided.

The estimated costs involved.

The terms and conditions under which recoveries will be made.

Any other terms or conditions considered necessary.

Options for payments when a department is purchasing goods or services on behalf of another department

In the context of collaborative arrangement there are circumstances where a department makes purchases of goods or services on behalf of another department, such as when a service contract in support of several departments is let, or orders are combined in order to obtain larger volume discounts. In these situations, there are three possible ways of funding the transaction:

1. Structure the contracts in such a way that responsibility for making the appropriate payment resides with the second department, even though the first department is the contracting and inspection authority. In the case of consolidated purchasing, the contract could require the supplier to invoice each department separately or the inspection authority could forward the approved invoices to the department responsible for payment;
2. The department on whose behalf the goods or services are being purchased may make an agreement and provide an advance payment to the department making the initial purchase; or
3. The payments could be charged to a suspense account within the appropriation of the department on whose behalf the material is being purchased. This would require the Minister of that department to delegate signing authority pursuant to section 33 of the *Financial Administration Act* to a person in the department making the purchase.

In the case of consolidated purchasing, the contract could require the supplier to invoice each department separately...

For more details on the accounting requirements, refer to the *Policy on Interdepartmental Charging and Transfers Between Appropriations* (http://www.tbs-sct.gc.ca/Pubs_pol/dcgpubs/TBM_142/ICTA_e.html)

Templates for written agreements

For OGD suspense accounts, the following template may be used:

Title

Departments involved

Purpose: delegation of authority with respect to activity to be carried out by administering department

Mandate: certification that funding department has legislative authority, identification of delegated activities to administering department, clarification of accountabilities

Delegated Financial Authority: explicit delegation of authority

Funds: outline types of funds being transferred (e.g. Operating, Contributions), cash-flow

Administration: activities to be carried out by administering department

Accounting and Reporting: reporting requirements with respect to the use of the authority (timing, type of information), the activities conducted, and the results accomplished

Duration period of the agreement

Amendment: provisions for possible amendments

Signatures

Best practice

See Annex A: Western Economic Diversification (WD) has developed an MOU relating to the establishment of an OGD suspense account for spending on behalf of another department.

In the case of an agreement for the transfer of program and funding authority through Supplementary Estimates, its administration can be easier since the full accountability will be resting with the administering department. Here are some examples of subjects that could be included in such an agreement:

- Title
- Departments involved
- Respective mandates and joint objectives related to the program being transferred
- Funding: amount of transfer, source vote in funding department, vote to which it is transferred in the administering department, fiscal year(s)
- Purpose of the transfer
- Administration conditions
- Program conditions
- Communication considerations
- Signatures

Best practice

See Annex B: Western Economic Diversification (WD) has developed a letter of agreement for a situation where a department transfers the program authority and funding through Supplementary Estimates to an administering department.

RECOMMENDED STEPS

Collaborative arrangement with transfer of O&M funds

- ❑ Define departmental mandates and roles clearly, both in terms of their individual responsibilities and with respect to their contribution to the collaborative initiative or project
- ❑ Set joint/shared objectives
- ❑ Establish level of financial contributions for each of the partners (actual funds or in-kind)
- ❑ Ensure funding and necessary authorities are in place
- ❑ Determine the administrative mechanism to be used to transfer funds
  - Invoicing
  - low dollar value
  - occasional requirement for transfers of funds between departments
- ❑ Creation of an OGD suspense account
  - ongoing activities requiring stable financing from partners
  - secretariat staff are financed by partners
  - to streamline administrative process when multiple invoices would otherwise be required
  - to provide greater certainty of funds for the partnership initiative
- ❑ Transfer through Supplementary Estimates
  - major collaborative initiatives when transfers of legislative authority is involved
- ❑ Establish a collaborative decision-making process
- ❑ Define and agree on reporting and communications requirements
- ❑ Agree on performance measures, audit and evaluation processes
- ❑ Document the agreement in appropriate form.* The level of complexity will depend on:
  - the scope of the initiative
  - its profile, and
  - whether the beneficiaries are internal to government or citizens.
- ❑ Obtain concurrence of partners

*Separate MOUs are required for establishing OGD suspense accounts and for transfers through Supplementary Estimates - see above for templates of such MOUs.

3. Collaboration between federal departments in the delivery of contributions programs[13]

The financial mechanisms available for departments to collaborate in the delivery of contributions programs are the same as those where Operating and Capital funds are involved. (See pages 34 and 35 of this guide)

13 Policy on Transfer Payments - http://www.tbs-sct.gc.ca/Pubs_pol/dcgpubs/TBM_142/ptp_e.html

Example

Climate Change Action Fund (CCAF) - This arrangement brings together an extensive infrastructure of programs already in place, in a number of departments, through which program funding can be allocated and delivered. See Annexes D1, D2 and D3 for the Characteristics and Process of the CCAF, Principles for Decision-Making and Accountability, and Terms and Conditions of the Contribution Program. (While the scope of this initiative may far exceed the scope of regional collaborative arrangements, these documents represent good examples of fundamental practices that can be adapted and incorporated in many collaborative arrangements involving Contribution Programs.)

Policy comments

Interdepartmental collaboration on contribution initiatives does not necessarily require the transfer of funds. Departments may want to enter joint contribution agreements, for example, on streamlining application processes, harmonizing forms, avoiding duplication, facilitating reporting for beneficiaries, coordinating monitoring and reporting, and other activities.

Where departments wish to harmonize further, for example to provide single payment to beneficiaries, they may consider pooling of Contribution funds. The transfer of Contributions funds can be done through: interdepartmental settlements, the establishment of an OGD suspense account, or an authority transfer through the Estimates process. (If one department becomes responsible for providing administrative services in support of that collaborative arrangement, it can recover incremental costs from partner departments in the same manner as described above with respect to operating funds.)

In all cases, a contribution program remains the responsibility of the department that is authorized by Parliament to deliver that program. Also, the joint contribution agreement has to include the terms and conditions of each contribution program that forms part of the collaborative arrangement. In the event that a group of departments would propose to set up new contribution programs to be grouped under a joint agreement, each participating department would still have to get their individual component approved in the Estimates. The Treasury Board would have to approve the terms and conditions for the contribution program for each department, or the Treasury Board could approve an umbrella set of terms and conditions to cover all departments involved.

In all cases, a contribution program remains the responsibility of the department that is authorized by Parliament to deliver that program.

The Treasury Board *Policy on Transfer Payments* requires that a Results-based Management and Accountability Framework (RMAF) be a component of Treasury Board submissions involving transfer payments. A joint RMAF would certainly be a valuable tool to clarify the shared accountability of any collaborative arrangement involving contribution programs. (See page 18 of this guide)

Factors to take into account when considering interdepartmental collaboration for the delivery of contribution programs:

- **Expertise** — Does the department with the program authority have personnel with the knowledge and skill sets to deliver the program and apply due diligence in selecting applicants, monitoring, collections, and so on? In some cases, skills found within other department to undertake activities such as technical assessments or financial analysis can be shared to bolster program management. In other cases, it is more effective to seek another department's expertise.
- **Program duration** — A department may not have the personnel to deliver a program and there may not be time to hire and train people within a reasonable time period. Implementation time requirements should be factored in the duration.
- **Cost** — This factor must be considered when there is a material difference between the costs of in-house delivery versus the use of another department with existing capacity to deliver such programs.

- **Target group needs and expectations** — A program may be more effective if it is delivered in cooperation with other similar programs for the same beneficiaries. It may allow for the harmonization of processes, better coordination of efforts towards an overall objective, and a more effective impact of programs.

RECOMMENDED STEPS

Collaborative arrangement with transfer of contributions funds

- ❑ Define departmental mandates and roles clearly, both in terms of their individual responsibilities and with respect to their contribution to the collaborative initiative or project
- ❑ Set joint/shared objectives (Consider the development of joint RMAF)
- ❑ Establish level of financial contributions for each of the partners
- ❑ Ensure funding and necessary authorities are in place
- ❑ Delegation as required
- ❑ Terms and conditions of each contribution program are met
- ❑ Procedures are harmonized as required
- ❑ Determine the administrative mechanism to be used to transfer funds (creation of an OGD suspense account or transfer through Supplementary Estimates)
- ❑ Determine if program authority is being transferred along with funds
- ❑ Consult with functional authorities
- ❑ Establish a collaborative decision-making process
- ❑ Agree on management of risks
- ❑ Agree on expected results and performance measures
- ❑ Agree on audit and evaluation strategies
- ❑ Define and agree on reporting and communications requirements
- ❑ Document the agreement in appropriate form*
- ❑ Obtain concurrence of partners

Note:

Separate MOUs are required for establishing OGD suspense accounts and for transfers through Supplementary Estimates - (see pages 38 and 39 for templates of such MOUs).

*The nature and scope of collaborative arrangements involving Contributions programs normally require formal and complete agreements along the lines of what is described earlier in this guide.

4. Collaboration with contributing non-federal partners

This section will consider situations where the parties to a collaborative arrangement include non-federal entities.

This section will consider situations where the parties to a collaborative arrangement include non-federal entities, e.g., other levels of government, non-government organizations (NGO), private sector entities, and voluntary sector organizations.

Specific challenges arise with respect to the handling of the financial participation of such organizations. As long as the financial contributions from non-federal entities do not require pooling and administering by a federal department, there are no particular administrative issues other than ensuring that the terms of the collaborative arrangement are adhered to with respect to each partner's commitment. However, there are situations where it is desirable and even necessary to bring all the funds being contributed to a program under the management of a lead or coordinating federal department (the Newfoundland Economic Renewal Program is one example - see description above).

This raises the question as to how a federal department handles the funds from an external source. In most situations, federal departments will have to use what is called a "specified purpose account". Some departments have revenue re-spending authority (Net-Voting or Revolving Funds — see Glossary) that can be used to accept funds from external sources as revenue that can be re-spent. In the absence of such revenue re-spending authority, the only alternative open to departments for using funds received from external sources is to establish a specified purpose account.

Use of Specified Purpose Accounts[14]

When a federal department receives monies from an external source for a specific purpose, these funds are recorded separately in a Specified Purpose Account to ensure that they are used only for the purpose for which they were received. This allows managers to better control and manage these funds.

The following circumstances may be encountered when partnering with non-federal entities:

> A department receives funds in advance from external entities involved in cost-sharing, joint project or collaborative arrangement; or
>
> A department receives funds when it administers a program or a portion of one on behalf of a province.

In such cases, a request to open a specified purpose account must be submitted to satisfy the requirements of the Receiver General.

14 Policy on Specified Purpose Accounts: http://www.tbs-sct.gc.ca/Pubs_pol/dcgpubs/TBM_142/5-7_e.html

Notes:

Funds deposited in a Specified Purpose Account do not lapse at the end of a fiscal year.)

Receiver General authority is required to establish a Specified Purpose Account.

Use of Net-Voting and Revolving Funds

Where a department with such authorities is a party to a collaborative arrangement that requires it to receive and manage funds from an external source, it is important to remember that such funds can only be considered to fall under the Net-Voting or the Revolving Funds authority if they have been provided for activities that come under those authorities (Net-Voting and Revolving Funds authorities always specify the legislative program/activities to which they apply — they rarely apply to all the activities of a department).

RECOMMENDED STEPS

Collaborative arrangement with financial contributions from non-federal organizations

- ❑ Define departmental mandates and roles clearly, both in terms of their individual responsibilities and with respect to their contribution to the collaborative initiative or project.
- ❑ Set joint/shared objectives
- ❑ Establish level of financial contributions for each of the partners
- ❑ Ensure funding and necessary authorities are in place
- ❑ Determine the administrative mechanism to be used to transfer funds (Specified Purpose Account, Net Voting or Revolving Funds)
- ❑ Consult with functional authorities
- ❑ Obtain necessary authority in case of a Specified Purpose Account
- ❑ Establish a collaborative decision-making process
- ❑ Identify and agree on management of risks
- ❑ Agree on expected results and performance measures
- ❑ Agree on audit and evaluation strategies
- ❑ Define and agree on reporting and communications requirements
- ❑ Document the agreement in appropriate form
- ❑ Obtain concurrence of partners

NOTE: The mix of partners and various sources of funding of this type of collaborative arrangements require formal and complete agreements along the lines of what is described earlier in this guide.

Example

HRDC's "Aboriginal Single Window" concept in Winnipeg is a very successful example of a horizontal initiative involving federal, provincial and municipal government departments, as well as local NGOs and Aboriginal organizations. The Aboriginal Single Window is a joint undertaking of the Government of Canada and the Province of Manitoba that is intended to:

> Provide a "one-stop-shop" to organizations and individuals who need access to government funded Aboriginal programs.
>
> Make information about these programs easier to obtain.
>
> Foster improved cooperation and information sharing between various government agencies and Aboriginal organizations.

For more information on this project, see Web site http://www.mb.hrdc-drhc.gc.ca/~asw/ intro/frame_ef.html

5. Collaboration with non-federal partners with federal financial participation

Situations where a federal organization is partnering with non-federal entities, particularly a private sector firm, legal implications may arise with respect to possible liabilities (the reason being that there is no federal law on partnerships — they are all provincial laws).[15]

15 Citizen-Centred Service and the Partnership Option: http://www.tbs-sct.gc.ca/si-si/ asd-dmps/part/ options/toc_e.htm

The usual definition of a "partnership" as an arrangement where people work together to achieve a common goal, although fairly clear and concise, is not adequate for these situations. In a legal sense, a partnership means "... to be legally bound by the acts of partners and legally liable for partnership debts, on the basis that what one partner does is done as an agent for the other."

The Department of Justice has advised that some partnerships could lead to violations of the parliamentary authority requirements of sections 29 and 43 of the *Financial Administration Act* (http://laws.justice.gc.ca/en/F-11/text.html), if the government is held liable for amounts exceeding approved parliamentary appropriations.

This risk can be reduced by ensuring that agreements explicitly document the mechanisms and conditions under which losses would be shared or guaranteed, and by capping maximum federal exposure in line with approved program/project authorities.

Although Justice lawyers have suggested that government officials avoid the word "partnership" in any written materials or public pronouncements, ultimately, the courts will examine the nature of the relationship to establish whether a partnership exists in fact if not in name. *This is the distinction between what may be called partnership by intent versus partnership by conduct, with the common theme being partnership.*

When considering a collaborative arrangement with a non-federal entity it is important to take the time to validate the type of agreement you need.

Realistically, given the evident communications appeal of the word "partnership," the best practice to minimize potential liability is to strive for a high degree of precision and clarity in the agreement or contractual arrangement that gives effect to the deal. It is also a good idea to include a clause in relevant agreements stipulating that the arrangement is not to be construed as a partnership. In any case, it is important to obtain legal advice and guidance during the development and execution of any agreement to ensure the FAA and other applicable statutes or regulations are not compromised.

Procurement contracts versus transfer agreements

When considering a collaborative arrangement with a non-federal entity it is important to take the time to validate the type of agreement you need. Note that the type of money you happen to have in your budget is not, on its own, the deciding factor. Remember the fundamental distinction between procurement contracts and transfer agreements:

> A procurement contract is used to obtain goods or services.
>
> A transfer (payment) arrangement is used to transfer monies or make in-kind contributions from the federal government to individuals, organizations or other levels of government to further policy and the department's objectives.

Consider the following principles when determining whether to use procurement contracts or transfer agreements:

> A department should not benefit directly from the award of a transfer agreement.
>
> A core service that departmental staff are mandated to provide directly should not be funded through a transfer payment.
>
> An individual or an organization that receives a transfer payment does not act on the government's behalf.
>
> A transfer agreement does not allow the awarding of damages in case of non-compliance.

Note: The G&C vs. Procurement Contract test (see Treasury Board Guide on Grants, Contributions and Other Transfer Payments, February 8, 2002, page 9, http://publiservice.tbs-sct.gc.ca/fin/govtonly/GC/GC_ToC_e.html) will help you determine whether you really need O&M. Consult with your finance advisors to confirm your conclusions from this test.

Use of departmental operating funds

In the first instance we will consider a situation where a department contributes O&M funds to a collaborative arrangement through a partner that is a non-federal entity. This could be in support of a secretariat function provided by a non-government organization (e.g. Atlantic Coastal Zone Information Steering Committee — See Section E2) or to another government organization to carry out surveys.

Example

An illustration of this type of situation is a project in BC where Environment Canada was cost-sharing and collaborating with the Greater Vancouver Regional District (GVRD) in the completion of an emission inventory for the Georgia Coast Cascade Air Basin. Both the Department and the GVRD have responsibilities with respect to air quality in that area. The activities consisted in the letting and managing contracts to compile emission inventories. The contracts were to be managed by the GVRD with the financial participation of Environment Canada.

Policy comment

When a federal department wants to acquire a good or service to meet a specific requirement in its mandate through a collaborative arrangement with a non- federal organization, an O&M based arrangement is required. Following is a description of what an O&M based arrangement entails.

O&M based arrangement[16]

There are basically two types of O&M based arrangements: contracts with private organizations or individuals, and O&M arrangements/ Memorandum of Understanding with other government organizations. The *Contracting Policy* (http://www.tbs-sct.gc.ca/pubs_pol/dcgpubs/Contracting/contractingpol_e.html), sections 11.4, 12.10 and Appendix C, contain guidance with respect to such arrangements.

16 This section is based on an Environment Canada (Pacific & Yukon Region) document developed by Marilyn Issavian.

If you need to acquire a good or service to meet a specific requirement in your mandate, the default tool is the Procurement Contract (cost-shared contracts and volunteer agreements can exceptionally be used).

When dealing with another government agency (e.g., federal department, federal crown corporation, provincial or municipal entity), the instrument to put the O&M based arrangement in place is a Memorandum of Understanding. In such situations the federal department will obtain a good or a service in return. Consequently, the arrangement should provide for the other party to follow the same rules as the department would follow if it were to let the contract itself.

An O&M arrangement is not used to give money to another party with the sole purpose of enabling them to further their agenda. In that instance, a G&C agreement is called for. Although in a G&C arrangement a product may be received, it is considered an indirect benefit or a by-product of the real purpose of the agreement.

To avoid challenges from potential suppliers, O&M arrangements should clearly be less expensive (say by about 50%). The relationship with the other level of government must be one of partnership, not supplier. Partners have a vested interest in the arrangement whereas a supplier would provide the service for a profit. (See Annex I for a Quick Reference: Financial Arrangements, prepared by Environment Canada, Pacific and Yukon Region)

Be aware of the Labour Code implications when non-federal employees are performing work for the federal government, even if this is done through an O&M arrangement with another level of government.

Before you begin to draft an MOU, be sure you have the necessary approvals from the delegated authority in the following areas:

Who: the other party involved;

What: the expected results and the performance indicators;

How much: the total cost to the department, and the planned payment method;

Risk: a) the identification of the likelihood and the consequent impact of risk and b) the manner in which the risk will be mitigated/managed *(Note: some projects may involve physical activities for which the level of risk to the Crown is extremely high. Managers need to ensure that agreements properly address these known risks. Ask a legal advisor for input.)*

Legal intent: too many O&M arrangements are written without the assistance of legal advisors. Is it your intent to make a document legally enforceable? (e.g., What happens if you do not receive the good or service as expected? What if the third party suffers a physical injury or a loss as a direct result of an activity related to this agreement? Are there any provincial legal requirements for arrangements with municipalities?)

An MOU for an O&M based arrangement should be developed as follows (the same steps would apply to a cost-shared contract):

To prepare the arrangement:

To assist in smooth processing of payments against arrangements, and to provide validation that an O&M arrangement is indeed the correct tool to use, the arrangement should be written in a way that clearly demonstrates that a) it is not a procurement contract and/or b) it is not a contribution agreement.

Managers may not move forward unilaterally without engaging all functional experts before an arrangement is signed.

The template attached at Annex C sets out the main information needed to include in an arrangement to ensure the program and the financial needs are met. The legal clauses included in such an arrangement will vary, depending on:

- Intent to make the arrangement legally enforceable.
- The type and nature of risk.
- Proprietary issues, e.g. assets, intellectual property.
- Other legal requirements specific to the arrangement.

Managers may not move forward unilaterally without engaging all functional experts before an arrangement is signed.

If you intend to make the document legally enforceable, it is absolutely essential to obtain legal advice.

Even if you do not intend to make the document legally enforceable, get legal advice.

Solicit Finance input/approval before proceeding for signatures.

If you are entering into a cooperative effort than involves more than one party, you establish separate agreements for each party involved.

To sign the agreement:

Ensure that you have the needed financial signing authority for collaborative arrangements.

Signatories need sufficient funds in the budget.

An Order-in-Council (Cabinet approval) is required for any agreements with a province or territory. This requirement must never be taken lightly, particularly when the dollar value or the political profile is high. Remember that a Treasury Board submission is required whenever an Order-in-Council has financial implications.

An arrangement may be high profile, for example because of its monetary or political value (e.g. a federal-provincial agreement). Agreements of this calibre may be considered for the Regional Director General/ADM or ministerial signature.

To sign for payments:

The person who has the formai signing authority for section 34 (*Financial Administration Act)* of the relevant budget is the person who signs for payments, and is saying that the goods or services have been received in good order.

RECOMMENDED STEPS

Collaborative arrangement with O&M contribution to non-federal organization activities

- ❑ Confirm with departmental financial officials that the document you require is not a procurement contract or a G&C agreement
- ❑ Use the attached O&M Arrangement template (Annex C) and prepare a draft
- ❑ Consult with your manager regarding program-related requirements
- ❑ Seek the advice of legal counsel to ensure legal requirements/intentions are met
- ❑ Seek the advice of departmental financial officials to ensure financial responsibilities are met
- ❑ Sign the arrangement/MOU

Contribution agreements[17] — Where contribution funds are more appropriate to achieve the objectives of a collaborative arrangement with a non-federal entity, then a department must ensure that it has existing contribution programs with terms and conditions that are appropriate for the objectives and activities that the funds would support. Otherwise, a new contribution program has to be established, which requires Treasury Board and Parliamentary approval.

17 Treasury Board policy and the Guide on Grants, Contributions and other transfer payments

In such situations a department simply follows the Treasury Board policy and the *Guide on Grants, Contributions and other transfer payments*.

Some agreements may be signed with more than one recipient, who become jointly responsible for delivering the project.

Delivery of a government program by a non-government organization — In a transfer agreement, there are always at least two parties involved: the department (it could be a group of departments in the case of collaborative arrangements), which provides transfer funds and manages the program, and the recipient. Some agreements may be signed with more than one recipient, who become jointly responsible for delivering the project. In some cases, the recipient is expected to sign sub-agreements, under the authority of the initial agreement, with other individuals or organizations. In this case, the recipient essentially becomes the program's fund manager and spending department of the sub-agreements. This situation offers many advantages but creates unique challenges in terms of accountability and management and, sometimes, financing.

Accountability of the parties in a sub-agreement — In the case of a sub-agreement, risk and responsibility can be shared, but the federal department's obligation to ensure that Canadian citizens receive value for money from the agreement is not suppressed, nor is its accountability for the expenditure of public funds and responsibility to Parliament. (See checklist in Annex E for policy requirements in cases where a recipient delivers the project)

Managing a sub-agreement — Departments should manage the original agreement with due diligence. They should also put in place controls and reporting mechanisms to demonstrate that the sub-agreement deliverer is managing with good business practices.

Other financial considerations related to collaborative arrangements

Dealing with varying, and sometimes inadequate, levels of delegation. One issue that was raised during various regional consultations is that of delegated authority. One of the major hurdles often encountered by regional managers is the lack of delegated authority at the local level where decisions need to be taken. Often, budgets are centralized in headquarters or regional headquarters by virtue of where the authority resides. As a result, district officials are unable to commit financial or human resources to horizontal initiatives. Another issue for collaborative arrangements is the inevitable discrepancy between the levels of delegated authority of the various participating departments.

This is an issue that needs to be discussed very early on in the process. If a partner department does not have the delegated authority, then there are basically two options to consider: request the delegation of authority required for the initiative or involve someone from that partner department who does have the authority. Without the appropriate delegated authority, the value of a partner department's contribution to a collaborative arrangement is diminished and other delivery options may need to be considered.

Best Practice

To facilitate delegation of authority in cases where it uses the services of an administering department, Western Economic Diversification has provided, in their "Delegation of Signing Authorities" matrix, that Assistant Deputy Ministers have the authority to delegate authorities to another department for the purpose of establishing an OGD suspense account.

Accounting for funds [18]

The following points are provided as a reminder of the key rules with respect to charges against a departmental appropriation:

- Charges must be within the legislative mandate of the department.
- The request for goods or services has been properly requisitioned.
- Certification of payment entitlement is duly performed.
- Requisition for payment is properly executed.

18 Financial Administration Act, sections 33 & 34 — http://laws.justice.gc.ca/en/F-11/text.html

Accommodation and equipment

Finding space and necessary equipment for a horizontal project can pose particular challenges. It is important to structure horizontal projects to take account of existing departmental realities, with regard to equipment and space. Try to find solutions that incorporate existing conditions and systems (what computer systems people have, for example) instead of looking at introducing a whole new approach.

Existing technology and equipment in a particular department often determines the level at which a new partnership operates. This can certainly cause tension within the group, unless all agree that it is necessary to work within the context they are given.

Human resources

On occasion, cooperation arrangements will require the creation, within the federal government, of positions that are needed specifically to perform functions related to the activities of a partnership initiative or project. Essentially, the same rules and policies that apply to normal departmental human resources actions will apply to these special situations, although the need to coordinate with other departments may bring some added complexity.

In selecting staff for a collaborative initiative, managers will have the same range of options available and decisions to make as they do for their regular responsibilities. But the collaborative project's accountability arrangements and the length of the project will be important factors in choosing the best course of action.

Specifically, managers must be cautious in creating ongoing resource commitments for projects of limited duration. Regardless of the length of the project, it will be important to determine clearly in advance who will have supervisory responsibility for the individuals employed through the project, and what will happen to employees when the project is completed.

Determine clearly in advance who will have supervisory responsibility for the individuals employed through the project, and what will happen to employees when the project is completed.

Below is a brief discussion of the various staffing elements that should be considered in developing the project plan.

Tenure of positions

Managers will want to weigh the pros and cons of a variety of staffing strategies. Possibilities include executive interchanges, assignments, secondments, developmental assignments, targeted opportunities for employment equity candidates or Aboriginal people, term positions or casual contracts, as well as indeterminate positions. A combination of strategies could be used depending on the number of staff you need. Your choice will be guided by the specific factors of the project. Your staffing advisor will be able to decide on the best approach.

Classification

For horizontal federal projects, it may be that departments can "lend" positions to the project, i.e., the position and the classification level attached to the position. For new openings, it will be necessary to write a new job description and have it classified.

There is a common misconception that a department cannot classify a job that does not already exist in some form in its organization.

There is a common misconception that a department cannot classify a job that does not already exist in some form in its organization. For example, if a department does not traditionally have PM positions, they can't create a PM job. This is not the case. A department can create any position as long as the description of work justifies it. Again, your Human Resources personnel should be able to advise you on developing the job description and arranging the classification. The length of time this takes will vary depending on resources and expertise available in the department or region.

Your staffing strategy may also affect decisions about group and level. If you are considering staffing through deployments and assignments and there is a reasonable expectation that individuals will return to their home department after the project, it may be easier and more efficient to stick to the types of job classification already in existence. Under the current classification regime, it is easier for employees to "travel" between some job groups than others.

Supervision and record-keeping

Assignment to horizontal projects can offer indeterminate employees good opportunities for development and growth. Unfortunately, they can also inadvertently result in "loss of profile" within their own department, especially if their experience and development isn't properly tracked during the assignment. Partnership arrangements should clearly delineate ongoing supervisory responsibility for staff, including record keeping for such things as annual performance reviews. Arrangements should also cover training and development for employees, as well as an agreement on how staff adjustments will be made, including during the wrap-up of the project.

Coverage of benefits and other "hidden" personnel costs

Do not forget that salaries are only one part of the cost of personnel. Employee benefits and special items that may be available such as northern cost of living, or performance pay, should also form part of the budget plan. Partners should discuss whether costs for training and development are appropriate in the circumstances; whether there may be a need to cover relocation expenses, and so on.

In tallying each partner's contribution, be sure to consider below-the-line costs for each contributor that may include the time and expertise of staffing officers and pay administrators or the cost of "back-filling" a position for a period of time if a department is supporting the assignment of one of its employees.

When hiring new staff, it is first necessary to determine which department will house the staff, if new employees are being hired or seconded to work on the particular project. Legislation is written in such a way that departments are the ones who must hire staf for horizontal projects, which requires that there be a lead department willing to take on responsibility for staffing the project.

Remember:

Planning for hidden costs is part of the shared accountability process.

The hiring process itself can pose particular challenges. Depending on which types of groups are involved in the horizontal project, certain elements of hiring must be agreed upon by the partners:

In-house staffing or outsourcing

Classification

Terms of employment (including duration)

Payment of employee benefits plan (for federal employees)

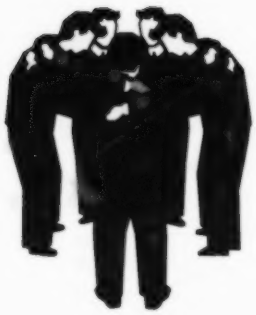
Skills and training required

Incentives for participation in horizontal work

Options for staffing collaborative arrangements[19]

19 Based on *Staff resourcing — Alternative Resourcing Options* (Public Service Commission document) http://www.psc-cfp.gc.ca/publications/monogra/option_e.htm

In most cases, collaborative arrangements do not involve any special staffing action. However, on occasions, there may be a need to establish a secretariat or coordination group for the duration of the collaborative initiative (as was the case for the Strength in Diversity Program in the Atlantic Region). In these situations the following peripheral, or alternative, resourcing options may better address the needs of managers of collaborative arrangements:



For non-employees:

- casual employment
- part-time work under the Exclusion Approval Order
- the use of temporary help agencies

For employees under the *Public Service Employment Act (PSEA)*:

- deployment
- assignment and secondment
- seasonal employment

Casual employment

Casual employees are not the same as term employees. Casuals do not have employee status under the *PSEA*. They can be hired for a continuous period of not more than 90 calendar days, and for a total of no more than 125 working days a year.

Pros — Speed and flexibility

This is a fast and easy way to hire someone, one that allows them to respond to workload increases and emergencies with less red tape than traditional resourcing methods entail. Casuals are therefore often used as fast hires and quick operational fixes. Engaging casual employees allows getting around many of the traditional classification, staffing and security procedures.

Managers can also use casual employment arrangements to obtain specialized skills that they may need for only a short period of time. This option is particularly useful in areas where staff, such as research professionals, is expensive.

Cons — Unequal status, high investment cost

On the down side, however, there is a growing concern about inequality. When different classes of employees, with different rights and benefits, work side by side, there can be a negative impact on employee morale.

There is also the problem of not being able to keep a good employee beyond the 125-day limit. Another consideration is the investment that has been made in training the individual.

There is also the problem of not being able to keep a good employee beyond the 125-day limit.

Part-time work

Part-time workers in the Public Service fall into two categories: those employed under the *PSEA*, who work one-third of the regular work week or more, and those regulated under the Exclusion Approval Order, who work less than a third of the normal number of hours of work. Employees hired under the *PSEA* have all the benefits of public service employment, including such things as sick leave and the right to participate in the superannuation plan. People engaged under the Exclusion Approval Order are not employees.

Pros — Flexibility

Speed, efficiency, getting the work done, fresh blood, and the ability to bring back expertise are some of the advantages of part-time employment. Project-based organizations, such as research institutions, are particularly well suited to this arrangement.

Flexibility is another key feature of this option. When the workload fluctuates unexpectedly, part-time employees can be called in for a quick fix.

Many managers want to avoid a permanent financial liability when they are unsure what their future needs will be. Hiring part-time workers under the Exclusion Approval Order allows them to get the work done without putting their budgets at risk.

Cons — Organizational instability

This type of employment is not suited for organizational stability. In a long-term collaborative arrangement, this may make it difficult for managers to carry out long-term planning.

Temporary help agencies

Using temporary help is one of the better-known alternative methods of staffing in the federal government. Policies and procedures on the use of temporary help agencies have been in place for a long time and they are well understood.

Hiring part-time workers under the Exclusion Approval Order allows them to get the work done without putting their budgets at risk.

Pros — Flexible financing, speedy response

Temporary help can be used for administrative support, but also to fill professional and technical needs. Pre-testing and training are done by the temporary help agency, which is a great boon to busy managers with limited time and limited budgets.

Other advantages of this option include flexibility and speed. If managers have someone in mind for a job, they are able to get the particular person they want, and there is no obligation on either side if things do not work out as well as planned. Since hiring someone through a temporary help agency involves less paperwork than the traditional staffing route, acquiring the skills needed is fast and easy.

Cons — Variable skills

Care has to be taken to avoid creating an employer-employee relationship. It is sometimes difficult to find the particular skill needed through an agency. There is also increased liability because temporary workers are not government employees. In some cases, hiring a casual employee is more convenient or appropriate.

Deployment

A deployment is the transfer of an employee from one position to another within the same occupational group or, where authorized by the *Public Service Employment Regulations*, to another occupational group. A deployment cannot result in a promotion or change of tenure. A deployment requires the consent of the employee being deployed unless willingness to be deployed is a condition of that employee's employment.

A deployment may be made to an indeterminate or a specified period position. Unlike assignments or secondments, an employee gains incumbency in the position to which he or she is deployed and therefore assumes the classification level and any terms and conditions of employment of the new position.

Deployment was introduced as a resourcing option in 1993, as a way for employees to move horizontally in the Public Service. In contrast to a temporary assignment or secondment, the move is permanent in that the employee does not return to his or her original position.

Pros — Staffing solutions, personal development

Deployment serves the needs of managers and employees alike. Managers often use deployment when they have found the right person for a job and want to avoid the complexities of the traditional staffing process. From the employee's perspective, deployment is a chance for personal development.

Cons — Inflexibility, staffing concerns

One of the drawbacks of the current deployment policy is that it does not allow movement of employees between occupational groups. For example, a manager cannot deploy an employee in the AS group (Administrative Services) to a PM position. (Intergroup deployment is possible under certain conditions — contact your Human Resources advisor)

Assignments & secondments

An assignment is a temporary move of an employee, within a department, to temporarily perform the functions of a position that already exists or to take on a special project. A secondment is also a temporary move but it happens interdepartmentally.

Assignments/secondments are frequently used to develop employees' skills, to retrain surplus employees or to meet temporary operational requirements. These types of movements are documented through agreements between all parties concerned.

A deployment may be made to an indeterminate or a specified period position.

Assignments and secondments are not appointments made by or under the authority of the Public Service Commission and are not subject to the same procedural requirements that apply to appointments.

Pros — Simplicity, flexibility, growth

These resourcing options are simple and free of red tape. Since assignments and secondments do not constitute appointments, there is no need to go through a time-consuming competitive process.

Assignments and secondments also provide the opportunity for organizational development. Most employees eventually return to their substantive positions, bringing with them new perspectives and new knowledge that they can share with the rest of the staff. One long-term benefit is that through the use of assignments and secondments, the Public Service is developing a multi-functional work force.

Flexibility is a key reason for using alternative resourcing options. In terms of assignments and secondments, flexibility means being able to get exactly the person or exactly the set of skills or knowledge required for a particular job. It also refers to the lack of paperwork involved in terminating an assignment or secondment, if either the employer or the employee is not satisfied with the arrangement.

Cons — Insecurity and staffing concerns

Some employees, fearing that their substantive positions may be at risk, are reluctant to take secondments while changes may be occurring in their home organizations. Many secondment agreements contain a one-month escape clause, which makes long-term planning difficult as employees can leave with very short notice.

Seasonal employment

Seasonal employees are appointed under the *PSEA* to work on a cyclical basis for a part, or season, of every year.

Although this staffing option was originally intended for indeterminate employees, it is increasingly being used for term positions.

Pros — Flexible financing

More and more, managers are resourcing for low rather than peak periods. In busy times, they can bring in extra people to help out with the increased workload. When it is possible to predict these busy periods, seasonal employment is an ideal solution.

Cons — Organizational instability

Managers have to keep in mind that these workers often take seasonal employment if it is all they can find, but are constantly on the lookout for better or full-time jobs, even casual employment.

RECOMMENDED STEPS

Human resource matters

- ❑ Determine nature and duration of human resource requirement
- ❑ Determine skills set necessary for the project
- ❑ Determine which department or organization will house the staff, if new employees are being hired or seconded to work on the particular project
- ❑ Consider in-house versus outsourcing to meet the requirement
- ❑ If in-house, assess the pros and cons of a variety of staffing strategies:
  - executive interchanges
  - assignments
  - secondments
  - targeted opportunities for employment equity candidates
  - term positions or casual contracts
  - indeterminate positions

- ❑ Consider if employee will be returning to home organization and position upon completion of the project
- ❑ Consult with your staffing advisor
- ❑ If new positions are created, write job descriptions and have them classified
- ❑ Consult with your classification advisor
- ❑ Clearly identify who will have supervisory responsibility for project staff, including responsibility for record keeping, performance appraisal, training and development
- ❑ Obtain agreement on how staff adjustments will be made, including during the wrap-up of the project
- ❑ Ensure that all personnel costs are covered in the budget plan, including employee benefits (EBP) and special items that may be available, such as northern cost of living, or performance pay
- ❑ Discuss with partners whether costs for training and development are appropriate in the circumstances; whether there may be a need to cover relocation expenses, and so on
- ❑ Consider below-the-line costs for each contributor that may include the time and expertise of staffing officers and pay administrators or the cost of "back-filling" a position for a period of time
- ❑ Provide incentives for participation in horizontal work

Management of risk[20]

Working collaboratively can increase risks, as the involvement of other players can reduce a manager's direct control over many variables, but it also provides opportunities. The challenge of managing risks within a partnership arrangement is optimization: understanding and managing risk in the context of prudence and innovation. It is important for partners to have a good understanding of the risks involved in a particular collaborative initiative and to be clear as to their respective responsibilities for managing those risks.

20 *Adapted from the TBS* Guide on Grants, Contributions and Other Transfer Payments, February 8, 2002

Risk evaluation and management apply to the entire cycle of a collaborative arrangement. Consideration of potential risks at the earlier development stage of a new collaboration initiative ensures that the proper controls, checks and balances are built into the development of a collaborative agreement. Risk management should be part of overall program management and administration. It should influence the development of the MOU that will define the common objectives, governance structure, financial and administrative mechanisms, reporting, and other aspects of the arrangement.

Any risk management strategy must be within rules and policies of government, otherwise the risk exposure is increased.

For more in depth information on risk management, refer to the TBS publication "Integrated Risk Management Framework" (IRMF) — http://www.tbs-sct.gc.ca/pubs_pol/dcgpubs/ riskmanagement/rmf-cgr01-1_e.html)

Anticipating legal ramifications of partnering with the private sector[21]

Detail the relative share of risks and rewards that will be attributable to each of the partners (and potentially the target client group) and the methodology for their calculation. In cases where risks and related financial exposure are linked to a variable factor (e.g., 50 percent of each loss incurred for projects/initiatives undertaken under the partnership) or other similar formulae, overall federal liability over the life of the partnership should be "capped" in the agreement.

21 Risk Sharing/ Management and the Distribution of Returns (Citizen-Centred Service and the Partnership Option): http://www.tbs-sct.gc.ca/si-si/asd-dmps/part/options/toc_e.htm

Link the ultimate compensation of private sector partner(s) to the achievement of the stated public policy and business objectives of the partnership (as appropriate). This will bring initiatives like outsourcing and procurements of information technology more into the realm of partnership by reinforcing the linkage between shared risks and objectives.

Specify the "proceeds" to be distributed among partners and the timing of their distribution (e.g., as each project is completed or sale is made, at the end of the partnership, or when the entire portfolio has been liquidated, etc.). The proportionate sharing of proceeds may mirror the share of risks assumed by the partners or the level of their contribution to the partnership. However, the public sector rationale for involvement in the partnership will often be linked to the achievement of policy objectives in the public interest (e.g., to foster economic development and job creation, or to improve service delivery), as opposed to a profit-oriented motivation.

Find more on risk management.

see page 78

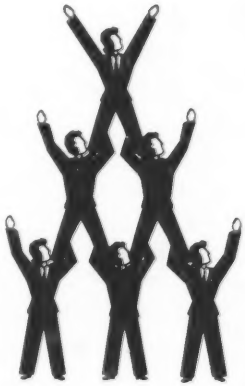
Establish systems, mechanisms and/or special provisions for managing the specific risks associated with the partnership. The Crown's insistence on the private sector assuming unlimited liability when contracting has been has been described by the Deputy Minister Task Force on Service Delivery Models as "...illustrative of process taking precedent over operational reality." TBS recognizes the inconsistency between this approach and risk sharing, which is a crucial ingredient in a partnership arrangement, and is examining alternative 'partnership-friendly' approaches to protecting the Crown's interest. To contain federal liability with respect to the actions of the partners, it is a good practice to clarify in the agreement that the arrangement is not to be construed as a partnership in the true legal sense.

RECOMMENDED STEPS

Risk management

- ❑ Identify and assess type, severity and likelihood of risks
- ❑ Identify objectives and expected outcomes for each risk (short/long term)
- ❑ Identify separate and shared responsibilities of partners for each risk
- ❑ Develop options for response:
  - avoid or transfer
  - attempt to minimize likelihood or impact, or both
  - accept and manage
  - exploit opportunity
- ❑ Choose a strategy:
  - apply decision criteria — results-oriented
  - problem/opportunity driven
- ❑ Develop and implement a plan/strategy

Sharing the management of risks



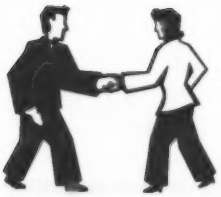
Ideally, the partners should develop and agree upon an approach to risk management, which should be communicated, understood and applied by all concerned. The agreement and communication of the shared risk management vision, objectives, operating principles, and related departmental responsibilities are vital to provide overall direction, a common understanding and ensure successful integration of risk management into interdepartmental agreements and operations.

Skills Needed for Partnering[22]

Here is a list of key skills required to participate in a partnership, as identified in *The Partnership Handbook*, developed by Flo Frank and Anne Smith, on behalf of Human Resources Development Canada — http://www.hrdc-drhc.gc.ca/common/partners/partner.shtml. This handbook contains an elaboration of each of these skills.

22 *The Partnership Handbook*, Human Resources Development Canada - http://www.hrdc-drhc.gc.ca/ common/ partners/partner.shtml

- Managing partnerships
- Negotiation skills
- Group processes and team building
- Planning skills
- Evaluation skills
- Problem solving and conflict resolution
- Time management
- Financial management
- Managing outside help
- Working with volunteers
- Stress management



Remember:

Partnering requires specific communications strategies.

see page 22

Arranging for incremental office space

Arranging for additional office space to support a collaborative arrangement can represent a challenge since the basic formula for assigning space to a department is based on an FTE (Full-Time Equivalent) count. As is the case for most aspects of a collaborative arrangement, the key to a successful resolution of a space issue will depend on having early discussions with Real Property Services of PWGSC and possibly including that branch as a partner in your initiative.

Other Partnership-Type Specific Issues[23]

The above list of issues and corresponding actions is not exclusive. It will also be necessary to address any administrative, operational and/or legal requirements that apply to specific categories of partnership activities, including, inter alia:

Accommodation and other logistical issues (e.g., in the case of cross-jurisdictional co-location, single window and common service delivery options, etc.).

Intellectual property ownership, where a partnership with non-federal entities will create and/or exploit intellectual products or services.

Other requirements to conform to the relevant legislation and regulations of the jurisdiction(s) in which the partnership will operate (e.g., environmental statutes) and to comply with trade agreement obligations.

23 *Citizen-Centred Service and the Partnership Option*: http://www.tbs-sct.gc.ca/si-si/asd-dmps/part/options/ toc_e.htm

Annex A

Sample MOU where a department administers a program for another department

Print this annex from the electronic version available at: **http://www.tbs-sct.gc.ca/rc-cr** or **http://publiservice.tbs-sct.gc.ca/rc-cr**

Western Economic Diversification Financial Arrangement MOU for situations where a department is requested to administer a program on behalf of another department.

MEMORANDUM OF UNDERSTANDING (MOU)

BETWEEN

DEPARTMENT F, the Funding department,

AND

DEPARTMENT S, the Spending department,

FOR THE ADMINISTRATION OF xxx (name of the program)

(To be used when Department S is requested to administer a program for which Department F has a mandate).

Section 1, Purpose:

Department F is delegating to Department S the required authority for the implementation of XXX (for example, the XXX program of Department F in Yukon) in accordance with administrative processes and procedures set out in this MOU and with the FIS Accounting Manual.

Section 2, Mandate:

Department F certifies that it has the legislative authority by virtue of the XX Act to carry out the activities required by this MOU and to delegate to Department S the delegated activities described in the Annex. Department F remains accountable for the overall implementation of the program while Department S will carry out the activities in accordance with the terms and conditions of this MOU.

Department S is authorized to sign on behalf of Department F any contracts or agreements entered into with a third party to implement the delegated activities subject to the terms and conditions of the MOU. Any contract or arrangement should identify the government party as Her Majesty in Right of Canada as represented by the Minister of Department F represented by himself/herself by the Director General (or some other position) of Department S.

Any contract or arrangement should identify the government party as Her Majesty in Right of Canada...

Section 3, Delegated Financial Authority:

Department S is authorized, (according to its own Financial Signing Authority Chart or *describe in the next paragraph the authorities*), to charge the expenses incurred for the delegated activities to vote X Operating Expenditures and vote X Grants and contributions of Department F as advanced by F to S.

(Financial signing authority is delegated as follows. If the Financial Signing Authority Chart of Department S requires modification, please provide the same information as a Financial Signing Authority Chart would provide, i.e. the title of the person, the nature of the transaction, i.e. procurement or contribution, the purpose, i.e. certification of performance and requisition of payment, and the amount up to which the delegation is valid. Those delegations are required to be specified before the MOU is signed).

Section 4, Funds:

Department F will advance the funds to Department S for the delegated activities on an annual basis as follows:

FISCAL YEAR	ADMINISTRATIVE COSTS	CONTRIBUTION
1999-2000	$350,000	$1,500,000
2000-2001	$350,000	$1,500,000
2001-2002	$150,000	$1,500,000
2002-2003	$150,000	$1,500,000
Total	$1,000,000	$6,000,000

Department S cannot expend more than the annual amount advanced by Department F.

Section 5, Administration:

Department S will initiate, commit, and certify performance and make payments in accordance with the delegated financial signing authorities.

Section 6, Accounting & Reporting:

Department S agrees to provide Department F with an accounting of the use of the authority on, or before, the following dates:

For 1999-2000, on, or before January 31, 2000 for the period April 1 to December 31, 1999; and, on, or before, April 15, 2000 for the period January 1 to March 31, 2000.

For 2000-2001 and subsequent fiscal years, on, or before:

DUE DATE	REPORT PERIOD
September 15	April 1 to August 31
January 15	September 1 to December 31
April 15	January 1 to March 31

The report will provide details on the Payee, the amount, and the financial reporting code i.e. Expense, and also the economic object.

Section 7, Cash Flow Forecasting:

Department S agrees to provide with each accounting a forecast of the expected requirements for the remainder of the fiscal year. Any expected non-utilization of the authority will need to be communicated to Department F as soon as possible, and normally on or before September 15th of the current fiscal year (Note: for purposes of the Annual Reference Level Update for grants and contributions).

Section 8, Performance Reporting:

No less frequently than twice annually, Department S agrees to submit a report detailing the work conducted and the results accomplished, in such detail as may be established by Department F.

Section 9, Period of the MOU:

The period covered by this MOU is April 1, 1999 to March 31, 2003.

Section 10, Amendment:

This MOU may be amended, during the period of the MOU, with the mutual consent of both parties.

Section 11, Signatures:

IN WITNESS WHEREOF, this MOU has been executed:

On behalf of F:

Signature: _____ Date: _____

Title: (If the MOU includes delegation for certification of performance and payment of expenses, pursuant to s. 33 and 34 of the *Financial Administration Act* the MOU should be signed by the Minister of Department F or his or her Deputy)

On behalf of S:

Signature: _____ Date: _____

Title: _____

Annex B

Sample letter of agreement when program authority and funds are transferred through Supplementary Estimates

Letter of agreement between departments when program authority and funds are transferred through Supplementary Estimates (developed by Western Diversification)

Supplementary Estimates Process

January 21, 2000

Letter of Agreement

BETWEEN:

Department W

and

Department H

WHEREAS the Department W has as its objective to promote the economic diversification of Canada with a focus upon the development of small and medium sized business; and

WHEREAS the Department H has as its objective to strengthen the economy and to provide Canadians with increased products and activities; and

WHEREAS the two departments are interested in implementing projects in Canadian communities to undertake activities such as new technology applications, improved management practices, promotion, marketing and audience development, increased revenue, generation and self-sufficiency; and job creation;

THEREFORE it is agreed that:

(a) W funding in the amount of $ X,XXX,XXX will be transferred from the 1999-00 resource levels (Vote 999) of the Department W to the 1999-00 resource levels of the Department H. The funds will be transferred through the inclusion of an item in the 1999-00 Supplementary Estimates of the Department H and the establishment of a frozen allotment within the Department W resource levels (Vote 999).

(b) The funds will be used to support projects of mutual interest to the two departments and the Department H will make best efforts to supplement the program funding.

(c) All applications submitted under this program will be reviewed, and all projects to be supported with the use of these funds will be approved, by representatives of both the Department W and the Department H.

(d) The funds for these programs will be administered under the existing terms and conditions of the relevant programs of the Department H.

(e) The approval letters informing the successful candidates of their funding will be signed on behalf of both the Minister of H and the Minister of W. Both will also be consulted and involved in public announcements of funding.

I agree:

_____ _____

Minister
Department W

Date

I agree:

_____ _____

Minister
Department H

Date

Annex C

Sample of O&M arrangement/MOU template

O&M arrangement template (developed by Marilyn Issavian, Environment Canada Pacific & Yukon Region)

This template should be used as a starting point when preparing a "Memorandum of Understanding" with a government agency. Caution: An MOU is not an agreement, i.e. it is not legally enforceable, or a Cost-Shared Contract, entitled "Agreement" with a non-government agency. The document should be entitled accordingly.

Between _____ **Her Majesty the Queen in Right of Canada** represented by the Minister of the Environment, hereinafter called the "Minister" who is responsible for Environment Canada, hereinafter called "EC"**and** *(complete legal name of entity),* hereinafter called _____.

In addition to its usual purpose in a legal document, this section is key in allowing the manager and financial services to demonstrate to an auditor or to a would-be supplier that. This is not a Government of Canada contract and not a G&C Agreement.

Whereas... *Explain that this is a cost-shared endeavour and why collaboration is an appropriate option. Clearly articulate shared or compatible objectives. Clearly articulate needs, expected results, and the added value expected from collaboration.*

Whereas... *Explain how the department has a mandated interest in this project for which it requires a good or service.*

Whereas... *Explain how your partner has a (non-monetary) vested interest in this project. This partner may, on other occasions, have had a contract with you and charged you overhead. It is important to explain very specifically how the partner is in the business of doing this work and shares a mutual interest in the outcome of this agreement. The partner must not make a profit.*

1. Purpose, Expected Results and Performance Indicators

Provide clear, precise and complete articulation of needs and expected results. *The details of the work to be carried out are important in order to ensure that the final product is indeed the one you planned. Without indicators, you may end up with a good product but not one that is useful to you.*

It is important that the risks are identified and the allocation of responsibility be confirmed as early as possible...

This is not a background section, but the place to enumerate results and to provide indicators that will prove that results have been met.

If you append this detail as an attachment or schedule, state the following: "The details of this work are attached in Appendix X and form part of this agreement."

Explain how the party is qualified or can become qualified to meet the requirements.

2. Monitoring and evaluation

For each activity, indicate how the achievement of the objectives will be measured.

The criteria for evaluating a partnered activity may vary with the different objectives and motives of the various parties. The bottom-line questions are simple: Did the intended activities take place? Were the intended products produced? Were the services offered as intended? Monitoring and evaluating collaborative arrangements require careful, sensitive articulation of criteria and diplomacy in their application.

Remember:

Working collaboratively can increase your risks.

see page 66

3. Risk Management

It is government policy to identify and reduce or eliminate risks, minimize and contain the costs and consequences of harmful or damaging incidents arising from these risks. It is important that the risks are identified and the allocation of responsibility be confirmed as early as possible in the collaborative process. As part of good risk management, managers should consider the adequacy of risk control mechanisms, and whether other parties need to carry insurance for the risks they assume under the collaborative arrangement. It is also important to examine if the choice of instrument — MOU, contract, agreement — is the most appropriate from a risk management perspective.

Identify risks. Indicate how the parties agree to allocate risk responsibilities, and how to manage them.

4. Third Party Involvement *(if applicable)*

If a contractor will be carrying out the work on behalf of the parties, it is important that both parties agree to the statement of work for the contract, that the agreement states this, and that the terms of reference be appended to the agreement. Additionally, both parties may wish to play the role of scientific or project advisor for the contract.

5. The Funding Arrangements:

Of the total cost of the project, indicate:

(a) how much Government of Canada will pay and for what purpose. *Specify* "plus any applicable GST for which the party will not be reimbursed by Canada Customs and Revenue Agency," and

(b) how much (the dollar value) of what the party will contribute and for what purpose.

6. Sharing the Benefits *(if applicable)*

Agree on the division of benefits *(i.e. revenues, savings, intellectual property, goodwill).*

THE PAYMENT ARRANGEMENTS:

7. Method of Payment

This section specifies which party is giving and which party is receiving money. In general, employees of the private sector may not manage public funds and vice versa. This is why it is always necessary to set up another parties' funds in a separate (SPA or Suspense) account and why O&M dollars should never be advanced to another party to manage.

When the department is the banker for the agreement, an advance payment of the party's full contribution must be requested. If the party is not willing to comply, there is only one fallback position: ask them for quarterly advances.

When the other party is the banker for the agreement, Program Managers must arrange for progress payments to reimburse the party for expenditures incurred. The Party shall provide, with each claim for payment, a report outlining expenses incurred since the last payment.

8. Payment & reporting schedule

Indicate delivery dates/milestones for the product or service associated with the activity, and the amount to be paid upon receipt of that product or service. *This payment schedule will look just like the one used for a contract. Because of the workload at fiscal year-end, make every effort to have final invoices sent to financial services by mid-March.*

Indicate that the department will provide funds to the party in arrears, upon receipt of an invoice.

Provide the name and full address of the person to whom the invoice should be sent and to whom the payments should be sent. *If the department is the banker, send the invoice to a specifically named person of the other Party; payment comes to the department's Accounts. If the other Party is the banker, they send the invoice to a specific program manager in the department; payment goes to a named individual of the other Party.*

TERMS AND CONDITIONS OF THE AGREEMENT

9. Not a Partnership

The Minister and the Party expressly disclaim any intention to create a partnership, joint venture or agency. It is understood, acknowledged and agreed that nothing contained in this Agreement nor any acts of the Minister or the Party shall constitute or be deemed to constitute the Minister and the Party as partners, joint ventures or principal and agent in any way or for any purpose. The Party shall not represent or hold itself out to be an agent of the Minister. No party shall have any authority to act for or to assume any obligations or responsibility on behalf of the other party.

The Party agrees to be liable to the Minister for any liability that the Minister incurs by virtue of being found to be liable with the Party as a

partner of, joint venturer with, or principal of the Party. For greater certainty, the Party assumes no responsibility for any liability arising to the Minister as a result of the act or omission of the Minister or his agent which are the basis for the finding that the Minister or his agent is a partner of, joint venturer with, or principal of the Party.

10. Effective and completion dates of the agreement

The effective date cannot be any earlier than the date of signature. Arrangements should terminate as early as possible upon completion of the work.

The effective date cannot be any earlier than the date of signature.

11. Termination

Either party may terminate this agreement upon (X) month's written notice to the other party. This Agreement and the obligations of the Minister under this Agreement shall terminate upon receipt of notification to the Minister of a notice of the Parties death, dissolution or insolvency.

12. Amendments

This Agreement may be amended by the mutual written consent of the Parties hereto. To be valid, any amendment to this Agreement shall be in writing and signed by the Parties hereto within the duration of this Agreement. *Provide the number of months notice that is acceptable to both parties.*

13. Liability

The Party agrees, at all times, to indemnify and save harmless, Her Majesty or any of Her officers, servants, employees or agents from and against all claims and demands, loss, costs, damages, actions, suits or other proceedings by whomsoever made, brought or prosecuted, in any manner based upon, occasioned by or attributable to the execution of this Agreement or any action taken or things done or maintained by virtue hereof, or the exercise in any manner of rights arising hereunder, except claims for damage resulting from the negligence of any officers, servants, employees, or agents of Her Majesty while acting within the scope of their duties or employment.

The Party, in respect of any claim made by a third party, must notify Her Majesty of all material particulars.

If Her Majesty is made a party to any action, suit or proceeding in respect of a matter for which the Party is obligated to indemnify Her Majesty, the Party shall defend such action, suit or proceeding in the name of Her Majesty at the Party's expense. The foregoing obligation of indemnification is subject to the requirement that the Party, in respect of any claim made by a third party, be notified by Her Majesty of all material particulars thereof and be afforded an opportunity at the Party's sole expense to resist, defend and compromise the same, provided that the Party is not obligated to do so; and further provided that if the Party does not assume the defence of such claim, Her Majesty may defend against the claim in any manner She deems appropriate and may take such action as may be reasonably prudent in the circumstances to settle the claim. The Party, in respect of any claim made by a third party, must notify Her Majesty of all material particulars.

14. Signatures and Dates

Current signing authorities in the region state that collaborative arrangements can be signed by the program coordinator level and up, to an amount equivalent to the full of his/her budget.

The person signing for the other party should be at a level equivalent to our signatory.

Agreements of greater significance (e.g., dollar value, political implications, etc.) should be signed by the RDG or, if the timing is right/appropriate, by the Minister.

The person signing the agreement is also the person who must sign any amendments.

Annex D1

Climate Change Action Fund — characteristics and process

Climate Change Action Fund Characteristics and Process (abbreviated)

The Climate Change Action Fund is for two purposes: building the foundation and initiating early action.

The majority of the funds would be for building the foundation in year one, then less each year while funds for initiating early action would increase over time.

Funds would be housed in the A Bases of convenience (NRCan and DOE). The funds associated with public education and outreach actions will administratively reside in DOE A Base, and funds associated with domestic implementation will administratively reside in the NRCan A Base. However, most funding will be allocated through Other Government Suspense Accounts to other government departments for various initiatives related to climate change.

Funds would be leveraged where possible. Two types of leverage would be considered:

> Internal: In general, proposals from departments should have A Base funds attached to them and would request funding for incremental activity to meet the additional climate change challenges.
>
> External: The federal government will leverage, to the extent possible, funding to provinces, industry, and stakeholders in order to create a balance between responsibilities.

Allocation Considerations

Parties will not be able to redirect projects already funded through an existing mechanism into proposals for climate change funds in order to free up resources for other purposes.

Specific funds will be allotted for running the federal Secretariat itself.

An amount will be set aside as a reserve fund for new priorities.

Unspent funds will be rolled over to the following year.

Funding will be allocated through a clear and transparent process available to all, following consideration pursuant to established procedures for each of the funding categories.

Funding will be considered only for those projects that have concrete milestones and demonstrable results responding to the climate change challenge.

Funding will be considered only for those projects that have concrete milestones and demonstrable results...

Applications for funds should include a business case proposal describing the key elements of the project/initiative, how it meets the criteria for that funding area, milestones, expected results, costs and consultations undertaken.

Annex D2

Climate Change Action Fund — Proposed principles for decision-making and accountability

Climate Change Action Fund: Proposed Principles for Decision-Making and Accountability (abbreviated)

The Ministers of Environment and Natural Resources have lead responsibility and accountability for the Climate Change Action Fund. The key underlying principles are:

- No funding component or block is independent from the other
- A common framework will apply to funding decisions in each funding block
- Criteria to guide funding decisions in each block will be developed by Core ADMs, reviewed by the DM Committee and approved by Ministers
- A work plan with milestones for each funding block will be developed by Core ADMs, reviewed by the DM Committee and approved by Ministers

Ministers will delegate through departmental delegation instruments the authority to initiate, commit, spend, and pay for climate change initiatives. Ministers may delegate decision on the approval of specific funding proposals to DMs and ADMs:

- All funding proposals will be reviewed by Core ADMs and where responsibility has been delegated, decisions rendered
- All other funding proposals, after review by the Core ADMs, will be submitted to DMs for decisions (as delegated), with certain proposals forwarded to Ministers for oversight
- Each funding proposal will be accompanied by a business case; the level of detail of the business case will vary according to the dollar amount of the proposal

Ministers and DMs will receive regular reports on the status of funding.

A reserve of $ X million will be held back in each fiscal year. Recommendations on the allocation of the reserve across funding blocks will be developed by Core ADMs for decision by DMs.

The Climate Change Secretariat will provide regular and annual reports to the Ministers of NRCan and DOE on the CCAF's major achievements and usage of appropriate funds. It will also be responsible for contributing to Central Agency reports (e.g., RPP, Annual Performance Report).

A Memorandum of Understanding will be developed for use by NRCan or DOE with participating departments to govern the main elements of CCAF arrangements.

Annex D3

Climate Change Class Contribution Program Terms & Conditions

Climate Change Class Contribution Program Terms & Conditions (abbreviated)

Objective

To encourage and undertake programs and activities that will contribute to Canada's ability to combat climate change and meet its commitments.

Class of recipient

The class of recipient will include...whose objectives contribute to the objective of the Climate Change Class Contribution Program.

Duration

The Terms and Conditions will be valid for projects/initiatives submitted up to and including March 31, 200X, and for payments to be made in the subsequent fiscal year for wind-down purposes only.

Maximum amount per contribution

Contributions will be approved on an annual basis. The maximum amount per specific contribution agreement will not exceed $ X million per year, per recipient.

Signing authorities

Approval, expenditure initiation, commitment, and payment authorities will be delegated by the Ministers of Environment and Natural Resources Canada to positions at the appropriate organizational levels where these responsibilities can be most effectively exercised, and where accountability for results can best be established. These authorities will be delegated by means of an Instrument of Delegation and the Delegation of Financial Signing Authorities charts.

Basis and timing of payment

Contributions may have advance payments issued, based on a cash flow forecast prepared by the recipient and in accordance with the conditions outlined in Chapter 2-12 of the comptrollership volume of the TB *Guide on Financial Administratio,* which can be found at http://www.tbs-sct.gc.ca/pubs_pol/dcgpubs/TBM_142/siglist_e.html.

Application/supporting documents

Applications can be made on the standard NRCan or DOE Class Contribution application form or the applicant's organization's letterhead. All applications must be signed by an authorized officer of the applicant organization and contain pertinent information such as the aims of the applicant organization, a description of the proposed activity, the proposed amount and a proposed activity budget, and other details. Applications must also include the standard clauses relating to the *Official Languages Act*, Conflict of Interest, no benefit to a member of the House of Commons or Senate, compliance with any government decreed economic and political sanctions.

Processing of applications will be conducted in accordance with the program manuals.

Verification of eligibility, entitlement and adherence to the approved Terms and Conditions

Processing of applications will be conducted in accordance with the program manuals. An assessment report and joint recommendation will then be made in writing to the officer with appropriate delegated authority. The assessment will include a review of the supporting documents to ensure adherence to the approved Terms and Conditions.

Evaluation

All contribution agreements between the department and recipients must contain a clause stating that an evaluation of the effectiveness of the contribution in meeting departmental objectives and program criteria will be conducted within four months of the end of the final fiscal year in which support was provided.

Audit

In accordance with Treasury Board policy each contribution may be subject to audit to verify that only those expenditures allowable under the Terms and Conditions were incurred.

Accordingly, the recipient shall:

Keep proper accounts and records.

Permit the Minister's representatives to audit, inspect and make copies of those accounts and records at all reasonable times.

Provide facilities to the Minister's representatives for those audits and inspections.

Promptly refund any overpayments of the contribution disclosed by an audit.

Official languages

Where applicable, the department will comply with the *Official Languages Act* and its regulations.

Availability of funding

All contribution agreements must contain a clause stating that no payments will be made unless there exists a sufficient unencumbered balance within an appropriation provided by the Parliament of Canada for that purpose.

Single source payments

As directed by Treasury Board the department will pursue pre-approval consultation among federal parties, and require recipients to disclose other sources of federal funding in advance. There will be no double funding for the same initiative.

Annex E

Checklist — recipients distributing contributions

Additional provisions to be included in contribution or contractual agreement with third parties or recipients who further distribute the contribution amount (cf: *Policy on Transfer Payments, Appendix C, Part 2*).

- ❑ Description of the initial recipient accountability and management framework
- ❑ Assurance that the program's public purpose and the need to provide transparent, fair and equitable service are not lost in the desire for efficiency
- ❑ Clear and agreed expectations between the parties
- ❑ Clear roles and responsibilities, including financial roles and responsibilities
- ❑ Clear, transparent and open decision-making process
- ❑ Assurance that departmental requirements for selecting and managing projects by recipients or ultimate recipients are met
- ❑ Provision for ongoing assessment by the department to ensure performance is in line with expectations and that the initial recipient exercises due diligence in selecting and managing projects
- ❑ Provision related to the requirements for the initial recipient's operating plans, including annual performance expectations and a description of the process to select and approve projects
- ❑ Departmental right of access to relevant initial recipients, and where warranted, ultimate recipients' documents and premises

- ❑ Clear provision for audits of program performance and recipient
- ❑ Provision for the department to receive periodic (e.g., quarterly and/or annually) financial and performance reports from the initial recipient, certified by a company officer, including, if appropriate, annual audited financial statements with the external auditor's report and opinion, and any completed evaluations funded in whole or in part by the transfer payment program
- ❑ Provision that the department obtains from the initial recipient, or has ready access to, a copy of all signed agreements with recipients
- ❑ Description of the redress provisions for ultimate recipients affected by decisions of the initial recipient
- ❑ Provision for appropriate reviews, program evaluations and audits; and specification of admissible administrative costs that can be applied to the contribution by the initial recipient based on an accounting of expenses

Annex F

Checklist for an MOU

The Memorandum of Understanding Checklist[24]

Where a formal arrangement is required, the following is a checklist that can be used for basic planning purposes, after it is reviewed and adapted to the situation and parties involved:

- ❑ Situational analysis showing that collaboration is an appropriate option
- ❑ Purpose of the collaborative effort and clear articulation of shared objectives
- ❑ Clear articulation of roles (within mandate) and responsibilities
- ❑ Clear articulation of needs and expected results for each participant, for the partnership, and for the beneficiaries of the service/program
- ❑ Agreement on decision-making process, accountability (both shared and individual) and operating procedures
- ❑ Identification of risks, agreement on the allocation of risk responsibilities and how to manage them
- ❑ Agreement on measures for determining results
- ❑ Agreement on contributions from each partner (programs, expertise, information, financial resources, staff, equipment/ facilities, etc.)
- ❑ Agreement on the division of benefits
- ❑ Agreement on accounting, audit and evaluation procedures
- ❑ Agreement on procedures for problem-solving, dispute resolution, and ending relationship
- ❑ Agreement on reporting, information sharing, internal and external/public communications, and stakeholders' consultations.

24 This checklist is based on information contained in *The Federal Government as 'Partner': Six Steps To Successful Collaboration*, Treasury Board Secretariat, 1995.

Annex G

Checklist for the Design and Management of New Horizontal Initiatives

The Task Force on the Coordination of Federal Activities in the Regions developed this checklist. The original checklist, which has a government policy focus, has been somewhat adapted to reflect a more operational perspective.

For any given horizontal initiative, it is suggested that the responsible officials use the checklist to determine whether each of the key considerations has been built into the planning for the initiative. To facilitate the use of the checklist, "important" (Imp.), "optional" (Opt.), or "not applicable" (N/A) have been included. While the checklist is fairly comprehensive it is also useful for simpler situations that may not require a full-fledged MOU between partners. It allows regional managers, particularly with the N/A box, the opportunity to consider every aspect of the collaborative opportunity and hence assess the scope and degree of complexity of the required arrangement.

	IMP.	OPT.	N/A
1. Defining the horizontal issue			
a. Clearly define the issue	❑	❑	❑
b. Why is a horizontal approach most appropriate?	❑	❑	❑
c. Situate the initiative in the "big picture" (government/departmental/regional/local priorities, partner priorities)	❑	❑	❑
2. Shared vision and strategy			
a. Develop shared vision and strategy for the issue, including:			
Establish sense of Government of Canada initiative	❑	❑	❑
Identify lead department	❑	❑	❑
Identify appropriate partner departments	❑	❑	❑
Develop shared view of the desired outcomes/results	❑	❑	❑

	IMP.	OPT.	N/A
Establish realistic timeframes	❑	❑	❑
Develop a resourcing strategy	❑	❑	❑
Articulate a policy/program/service delivery strategy	❑	❑	❑
Define role of federal departments	❑	❑	❑
Define role of other partners	❑	❑	❑
Define role of stakeholders	❑	❑	❑
Other	❑	❑	❑
b. Ensure front-end planning is inclusive of key departments	❑	❑	❑
3. Involvement of staff			
a. Involve regional staff in front-end planning	❑	❑	❑
b. Involve central agency staff	❑	❑	❑
4. Policy and program approvals			
a. Determine type of approval(s) required, such as:			
Submission to Cabinet	❑	❑	❑
TB submission	❑	❑	❑
Departmental HQ	❑	❑	❑
Regional HQ	❑	❑	❑
Other	❑	❑	❑
b. Develop strategy and timeframe for securing approvals	❑	❑	❑
c. Produce a communications plan	❑	❑	❑

	IMP.	OPT.	N/A
5. Role of Ministers			
a. Determine interests and role of line Minister(s)	❑	❑	❑
b. Develop plan for dealing with line Minister(s)	❑	❑	❑
c. Develop plan to ensure ongoing Ministerial support	❑	❑	❑
d. Determine interests and role of Regional Minister(s)	❑	❑	❑
e. Develop plan for dealing with Regional Minister(s)	❑	❑	❑
6. The management framework			
a. Leadership			
Identify lead department	❑	❑	❑
Identify lead officials at regional level, local level	❑	❑	❑
Identify (an)other champion(s)	❑	❑	❑
b. Partnerships			
Identify key partners, including:	❑	❑	❑
• Federal departments	❑	❑	❑
• Provincial departments	❑	❑	❑
• Municipal authorities	❑	❑	❑
• Other (e.g. non-profit organizations)	❑	❑	❑
Determine appropriate role for key partners	❑	❑	❑
c. Allies			
Identify "allies" (or co-sponsors), including:			
• Central agencies	❑	❑	❑
• Federal Regional Councils	❑	❑	❑
• Regional development agencies	❑	❑	❑
• Other	❑	❑	❑
Determine appropriate role for these allies	❑	❑	❑

	IMP.	OPT.	N/A
d. Accountability			
Establish who should have horizontal accountability	❑	❑	❑
Produce mandate letters or MOU for lead/ partner departments	❑	❑	❑
Develop MOUs to set out responsibilities for other partners	❑	❑	❑
Build horizontal responsibility into performance contracts	❑	❑	❑
e. Effective management structures			
Establish effective regional (and /or local) structures, including:			
• Steering group	❑	❑	❑
• Working group	❑	❑	❑
• Sub-committees	❑	❑	❑
• Other	❑	❑	❑
Determine appropriate mandate of management structures			
• Information sharing?	❑	❑	❑
• Coordination of program elements?	❑	❑	❑
• Joint decision-making?	❑	❑	❑
• Consultations?	❑	❑	❑
• Other	❑	❑	❑
Possibly set up a secretariat	❑	❑	❑
Stakeholder arrangements			
• Design appropriate structures	❑	❑	❑
• Ensure effective representation and participation	❑	❑	❑
Annual planning			
• Establish annual planning process involving key department	❑	❑	❑

7. Resources	IMP.	OPT.	N/A
a. Funding			
Secure new funding or A-base funding	❑	❑	❑
Ensure appropriate allocation of funding among federal partners	❑	❑	❑
Provide some funding for management of collaborative efforts	❑	❑	❑
b. Staff resources			
Ensure adequate staff resources, including:			
• Leadership	❑	❑	❑
• Enough staff	❑	❑	❑
• Staff "dedicated" to the issue, with continuity	❑	❑	❑
• Lead individual in each dep't at regional/local level	❑	❑	❑
• Required staff skills	❑	❑	❑
• Other	❑	❑	❑
Staff incentives			
• Provide staff with incentives for work on horizontal issues	❑	❑	❑
8. Management tools and authorities			
a. Programs			
Ensure horizontal coordination of program	❑	❑	❑
Ensure the Grants and Contributions Terms & Conditions are adequate	❑	❑	❑

b. Financial authorities

Ensure delegation of authority to regional/local levels	❑	❑	❑
Arrange for interdepartmental transfers of funds	❑	❑	❑

9. Managing for and reporting on results

a. Managing for results

Identify expected outcomes/results (as opposed to activities)	❑	❑	❑
Develop common performance measures	❑	❑	❑
Ensure that information system meets vertical and horizontal needs	❑	❑	❑
Gather information on costs of implementation for key departments	❑	❑	❑

b. Reporting on performance

Develop horizontal reporting system with inputs from key departments	❑	❑	❑
Arrange for periodic reports to Ministers, senior officials	❑	❑	❑

c. Program evaluation

Plan to evaluate the horizontal and vertical programming	❑	❑	❑
Conduct a case study to determine lessons learned	❑	❑	❑

10. Communications

a. Communications planning and implementation

Identify lead authority	❑	❑	❑
Identify lead media spokesperson	❑	❑	❑
Organize inter-departmental communications team	❑	❑	❑
Design system for inter-departmental coordination	❑	❑	❑
Ensure appropriate involvement of interested Ministers	❑	❑	❑

Annex H

Annotated SUFA Accountability Template

The Social Union Framework Agreement (SUFA) provides an agreed-to framework through which governments can adjust the content of the social union in response to the changing needs of Canadians. It includes commitments by governments to involve Canadians in the social policy and program development process, to avoid and resolve disputes, to work cooperatively to sustain and strengthen Canada's social policies and programs, and to improve the accountability of governments to Canadians.

SUFA was signed on February 4, 1999, by the federal government, nine provincial governments, and the two territorial governments. Although Quebec and Nunavut are not signatory to the Agreement, the federal government has indicated that it will adhere to the provisions of the Agreement when dealing with all provincial and territorial governments, including Quebec and Nunavut.

Remember:

Accountability is particularly crucial in the context of collaborative arrangements where accountability is shared or distributed among the partners to the arrangement.

For more information on SUFA, go to the following address:

http://www.ccmd-ccg.gc.ca/research/publications/html/sufa/sufa_6_e.html

While collaborative arrangements may not always require such an extensive approach, this template is useful in that it represents a systematic approach to documenting essential information that is related to the commitments of partners.

see page 5

Part 1 – General Information		
Department	Indicate the name of the lead federal department or agency for the program, initiative, or agreement.	
Initiative and Partners	Specify the public title of the program, initiative, or agreement. Identify partners (i.e. provincial, other)	
Effective Date	Indicate the date the program or initiative was (1) signed and (2) implemented.	
Expiry Date	Specify the date that the program, initiative or agreement is (1) ending, (2) being renewed and/or (3) needs to be jointly reviewed.	
Web Site	List the public web site address for general information on the program, initiative or agreement.	
Purpose	Briefly describe the purpose and key objectives of the program, initiative or agreement, including the parties involved. NOTE: You may also want to include a brief overview of inputs and activities as part of the description of the purpose.	*Inputs:* Resources (i.e. expenditures or employee time) used to produce outputs and outcomes.

Roles and Contributions	How are the roles and contributions of governments publicly explained, communicated and made available? How is the department tracking public understanding and recognition of the federal government's role and contributions?	*Interpretation:* The public recognition of the differing contributions, commitments and responsibilities of governments should be reflected in jointly agreed upon communications materials intended for public release. This may include the development of joint processes, practices and mechanisms to track the public recognition of the respective roles and contributions of governments.

Part 2 – Resources		
Funding	What is the planned and/or actual level of spending and transfer of resources, if applicable, for each year? NOTE: This includes both the federal and provincial levels of planned funding and, where applicable, the staff transfers between jurisdictions.	
Tracking and Reporting	How is actual federal spending tracked and documented? How is the information on spending publicly reported? NOTE: If this information is publicly available on a web site or described as a public document, list only the web site address and/or the title of the document, where it is found in the document, and where copies can be obtained.	*Interpretation:* Federal departments and agencies should work with their provincial and territorial counterparts in each policy sector to ensure that the accountability frameworks of new Canada-wide initiatives supported by intergovernmental transfers provide for publicly reporting on the use of funds transferred.

Part 3 – Measurement and Reporting		
Outcomes	What are the most important planned outputs expected to be achieved? How is performance information on outputs being monitored and collected? What are the key outcome commitments? How are the accomplishments and achievements of the key outcomes measured and assessed? NOTE: Outcomes may be described as short, medium, and long-term when such an approach is useful.	*Interpretation:* All federal departments and agencies should ensure that appropriate accountability mechanisms and practices are in place to measure and monitor the outcomes of programs, and report publicly on a regular basis on program performance. They should also work with provincial and territorial counterparts in each sector to ensure appropriate mechanisms and processes for joint initiatives. *Outputs:* The direct products and services produced through internal program activities. As an example, the amount of work done within the organization (such as number of calls answered). *Outcomes:* An outcome is an event, occurrence, or condition that is outside the activity or program itself and has an actual effect on, or is of benefit to, Canadians. An expected short-term outcome describes what is expected to occur as a direct result of the program activities and products. A medium-term outcome is an outcome that is expected to lead to a desired end but is not an end in itself. A long-term outcome is the end result that is sought (such as reduced incidence of crimes). A program may have multiple outcomes for each of the different timeframes.

Indicators	What performance evidence (e.g., key indicators) is used to measure the outputs and outcomes, and how is this information obtained?	*Interpretation:* Federal departments and agencies should work with their provincial and territorial counterparts to develop processes to share information and best practices with respect to outcome measurement, as well as strategies and action plans for the development of comparable indicators to measure outputs related to agreed on objectives. *Indicator:* A specific quantitative and/or qualitative measurement for each aspect of performance (output or outcome) under consideration.
Comparable Indicators	Have comparable or common indicators been developed and used to measure outcomes? If not, what progress has been made in the planning or in the arrangements to work towards the development of comparable or common indicators? At the federal level, where appropriate, describe what indicators of societal performance are being monitored to pro-	*Comparable indicators:* A specific set of common quantitative and/or qualitative measurements for each aspect of performance (output or outcome) under consideration. They are based on common baseline information, definitions and database collection, and a compatible reporting system. *Societal indicators:* Indicators of social performance that track broad trends in society. They do not

	vide a context for interpreting performance. How is this monitoring taking place? What arrangements or processes are there for the joint use of common societal indicators, including their measurement?	seek to estimate the direct impact of government initiatives; rather they describe and track, over time, such important aspects of society as well being and health.
Evaluation/Third Party Assessments	What is the evaluation strategy? What are the provisions for third-party assessments? Which third parties are involved in measuring and reporting performance, and how are they involved? Where appropriate, is there an audit strategy?	*Interpretation:* Federal departments and agencies should determine how to best use third parties to assist in assessing progress on social priorities under federal programs and activities. They should also work with provincial and territorial counterparts to share best practices and determine the best use of third parties in assessing joint initiatives. *Third parties:* In the context of SUFA accountability, third party involvement refers to consultation for external advice and expertise. That is, "where appropriate, to assist in assessing progress on social priorities." It does not refer to third party involvement in service delivery.

Shared Information and Best Practices	What arrangements are planned or in place to share information and best practices?	*Interpretation:* Federal departments and agencies should work with their provincial and territorial counterparts to develop processes to share information and best practices with respect to outcome measurement; and, strategies and action plans for the development of comparable indicators to measure outputs related to agreed objectives.
Public Reporting	How is performance information on outputs made public? How are the outcomes achieved publicly reported? How is the performance information on societal indicators made public? How are the lessons learned publicly reported? NOTE: If any of the above information is publicly available on a web site or described as a public document, list only the web site address and/or the title of the document, where it is found in the document, and where copies can be obtained.	*Interpretation:* All federal departments and agencies should ensure appropriate accountability mechanisms and practices are in place to measure and monitor the outcomes of their programs and report publicly on a regular basis on the performance of these programs. They should also work with their provincial and territorial counterparts in each sector to ensure appropriate mechanisms and processes for joint initiatives. *Performance Information:* Measures reporting on the extent or impact of activities and products on clients and/or expected outcomes on indirect clients, stakeholders and on Canadian society.

		Outputs: The direct products and services produced through internal program activities. As an example, the amount of work done within the organization (such as number of calls answered). *Outcomes:* An outcome is an event, occurrence, or condition that is outside the activity or program itself and has an actual effect on, or is of benefit to, Canadians. An expected short-term outcome describes what is expected to occur as a direct result of the program activities and products. A medium-term outcome is an outcome that is expected to lead to a desired end but is not an end in itself. A long-term outcome is the end result that is sought (such as reduced incidence of crimes). A program may have multiple outcomes for each of the different timeframes.

Part 4 – Involving Canadians		
Provisions for Citizens to Participate in Developing Social Priorities and Reviewing Outcomes	What are the provisions for involving Canadians in developing social priorities and reviewing outcomes? Is there a plan to develop such mechanisms and put them in place?	*Interpretation:* Federal departments and agencies should ensure that appropriate mechanisms are in place to allow Canadians to participate in developing social priorities and reviewing outcomes. Furthermore, they should work with provincial and territorial counterparts to ensure appropriate mechanisms are in place in each policy sector.
Feedback Mechanisms to the Public	Are mechanisms in place to track and report regularly and publicly on the involvement of Canadians? Is there a plan to develop and implement a process to pursue and promote consultation with Canadians in the development of the priorities and in the review of the program and service outcomes?	*Interpretation:* Federal departments and agencies should work with their provincial and territorial counterparts to develop processes to share information and best practices with respect to outcome measurement; and, strategies and action plans for the development of comparable indicators to measure outputs related to agreed objectives.

Part 5 – Service Commitments		
Public Availability of Eligibility Criteria	Are eligibility criteria for the initiative publicly available? NOTE: If this information is publicly available on a web site or described as a public document, list only the web site address and/or the title of the document, where it is found in the document, and where copies can be obtained.	*Interpretation:* Federal departments and agencies should ensure that program eligibility criteria and service commitments are publicly available. They should also establish service commitments in areas where none exist and where this can contribute to providing better and more accountable programs and services for Canadians. Departments and agencies should work with provincial/ territorial counterparts in implementing these commitments with respect to joint initiatives.
Existence and Availability of Service Commitments	Are there service commitments in place and are they publicly communicated and available? Are service commitments or standards being planned, and when are they expected to be in place? NOTE: If this information is posted on a web site, found on-site, in advertisements, mail-outs, or other documents, list only the web site address and/or document titles, and where they are available.	*Service Commitments*: Commitment of the federal government to establish clear service standards to find out if clients are satisfied and to get their suggestions for improvement, and to develop simple procedures for responding to complaints. Service commitments or standards generally set performance objectives for the delivery of government products or services to the public, specifying the quality or level of service a department or agency commits to or can be expected to deliver to clients.

Measurement and Public Reporting	How is information on performance against service commitments being collected and publicly reported? NOTE: If this information is publicly available on a web site or described as a public document, list only the web site address and/or the title of the document, where it is found in the document, and where copies can be obtained..	

Part 6 – Appeals and Complaints		
Existence, Availability and Communication of Mechanisms	Are there appropriate mechanisms for citizens to initiate appeals on unfair administrative practices and register complaints about access and service? How are Canadians made aware of these mechanisms and are they publicly available? Is there a process in place to review current initiatives to identify areas where appropriate appeal or complaint mechanisms may be insufficient or non-existent?	*Interpretation:* Federal departments and agencies should review their activities and identify areas where appropriate citizen complaint and appeal mechanisms are not established. They should also develop appropriate mechanisms where they are required, either by establishing new mechanisms or by modifying and improving current practices.

	Is there a plan to develop such mechanisms and put them in place, as needed, through the establishment of new processes and mechanisms or by modifying existing practices? NOTE: In this provision, governments have the discretion to develop the appropriate appeal and complaint mechanisms, which could range from local processes at the point of service to formal, independent arrangements involving such third parties as an ombudsman or administrative tribunals.	
Tracking and Public Reporting	Are there processes in place to track and report regularly and publicly on the frequency and nature of citizen complaints and on their resolution? How is the feedback publicly communicated and made available? Is there a plan to develop and implement an appropriate process to regularly report publicly on citizen complaints and appeals, ensuring the privacy and confidentiality of citizens? NOTE: Where feasible and appropriate, the public reports should include a description of the grievance and the remedial actions taken by federal departments and agencies. And, where possible, these reports should describe the involvement of third parties to support the objectivity and credibility of the information released.	*Interpretation:* Federal departments and agencies should review their activities and identify areas where appropriate citizen complaint and appeal mechanisms are not established. They should also develop appropriate mechanisms where they are required, either by establishing new mechanisms or by modifying and improving current practices.

Annex I

Quick Reference: Financial Arrangements

GRANTS AND CONTRIBUTIONS AGREEMENTS	O&M ARRANGEMENTS
PRE-APPROVAL	*LEGAL REQUIREMENTS*
Recipient. Describe the material against which the recipient was evaluated.	**Title**. MOU (with a government agency) or Arrangement (non-government agency)
Financial Limitations. Ensure all other sources plus total government assistance is identified.	**Effective Date** or date of the last signature **Legal Name of other party** to whom we make the cheque.
G&C AGREEMENT	*FINANCE-RELATED REQUIREMENTS*
Effective Date. Cannot be earlier than last signature date. **Whereas**. Ensure reference to the "purpose" part of the relevant terms and conditions. (Annexes B-F of this guide).	**Whereas**. Is it clear that this is neither G&C nor a procurement contract, i.e. • Cost-sharing • The department or agency needs a good or service in its hands • The other party has a mutual vested interest and • The other party is not making a profit
1. **Purpose.** In addition to the outputs of this particular agreement, should be linked to a higher result, and to the departmental business line result.	**The Funding** • What is the total value? • How much is department/ agency paying and for what specifically? • How much is the Party paying and for what??
2. **Activities**. Include performance indicators/measures.	**The Payments** • Milestones for payment • How much and for what? • Send invoice to file manager • Send cheque to ...?

Remember:

All financial arrangements between departments need to be documented in writing.

see page 36

GRANTS AND CONTRIBUTIONS AGREEMENTS	O&M ARRANGEMENTS
3. **Funding**. Include non-monetary as well as monetary information. Ensure contributions of others plus total government assistance complete.	**The signature** • Head level or higher
	MANAGEMENT-RELATED REQUIREMENTS
4. **Allowable expenditures**. Watch that you are not paying the full GST.	**Purpose**. Must include bigger results plus business line result. **Activities**. Include performance indicators/measure
5. **Method of Payment**. Ensure advances conform.	**Evaluation and Monitoring**. Is it clear how we will ensure we achieve our goal and how well we have done?
6. **Intellectual Property (IP)**. Ensure that this issue is addressed.	*MORE LEGAL REQUIREMENTS*
Signature. Ensure a manager or above.	Liabilities/Partnership/ Termination clauses (minimum)
FINANCE SHOULD HAVE ON FILE 1. The approval form 2. The signed agreement 3. The cash flow statement 4. *(if applicable)* Document from recipient stating all other sources of funding when the department's contribution is greater than $100,000 (needed to complete Clause 3 of the agreement) 5. *(if applicable)* Document explaining the appropriateness of the department's or agency's contribution level in light of other sources of funding. 6. Each invoice 7. *(if applicable)* Documentation from recipient at end of project of all sources of funding, especially if the department's or agency's contribution is greater or equal to $100,000. Any increase of other sources of funding may warrant a reduction in our payment.	*FUNCTIONAL EXPERTS REQUIREMENTS* OSH Risk Sharing Official Languages Intellectual Property Assets

Confirm the type of financial arrangement needed

BEFORE YOU BEGIN COMMENTING ON THE DETAILS OF A GIVEN AGREEMENT:

Take time to define the type of agreement

If it is not a procurement contract, assume that it is G & C, unless:
1) you are in receipt of a departmental good or service and/or
2) the department controls the activities being carried out.

25 For the purpose of this document, we do not consider repayable contributions.

	PROCUREMENT CONTRACT	O&M ARRANGEMENT	G&C AGREEMENT[25]
	O&M	O&M	G&C
Purpose	Must have a Good or service in hand, in order to do the department's job	Must have a Good or service in hand, in order to do the department's job	Want to "enable" partner to do something that furthers departmental policies; NO direct good or service. May have a by-product
Contribution	Full price	Cost-shared	Cost-shared to full cost
Relationship	Supplier; may be construed to be acting on behalf of the department	Partner (not legally); each party acts on its own behalf.	Partner (not legally); does not act on behalf of the department
Party's interest?	Profit	Vested interest; no profit allowed	Vested interest; no profit allowed
Degree of control	Very prescriptive; a lot of control	Very prescriptive; a lot of control	Conditions in agreement. May not subsequently control the use of funds
When to pay?	At end, or at milestones; normally in arrears	At end, or at milestones; always in arrears	Based on cash flow needs; can be in advance

Annex J

Frequently Asked Questions

1. How can I arrange for financial support for an interdepartmental initiative?

Interdepartmental financial support is often vital to the success of a collaborative initiative and needs to be considered at the very start of the arrangement. Departments can contribute in kind (e.g., staff, equipment, facilities, services, expertise) and/or financially. Financial contributions can be made through interdepartmental settlements on an as needed basis, transfers in advance to a lead department that would establish an Other Government Department (OGD) suspense account to administer the funds, or transfer through the Estimates for more long-term requirements. (See Sections E2 and E3 of this guide)

2. Can funds be pooled from various departments in support of a common initiative?

Yes. Funds can be transferred in advance to a lead department that would administer them through an Other Government Department (OGD) suspense account or, alternatively, the lead department can invoice the other partner departments and the funds are transferred through interdepartmental settlements. For more long-term transfer of funds and authority, Parliamentary authority can be obtained through the Estimates process. (See Sections E2 and E3 of this guide)

3. When Contribution funds are transferred from various departments to a lead department, can the lead department use its terms and conditions to deliver the funds through its funding program, or do the transferred funds have to be administered in accordance with the original department's terms and conditions?

Contribution funds have to be disbursed according to the terms and conditions of the originating Contribution program. Treasury Board approval is required for any changes to the terms and conditions of a Contribution program. (See Section E3 of this guide)

4. Can a lead department spend O&M funds, received from another department, as Contribution funding for a collaborative initiative?

Funds always have to be spent for the purpose authorized by Parliament. Therefore O&M funds cannot be used to make Contribution payments (and vice versa). (See Sections E2 and E3 of this guide)

5. Can an interdepartmental steering committee of federal officials be the "banker" for a horizontal initiative?

No. A committee as such is not a legal entity and cannot create an account within the federal government structure. However, a department that is a member of the committee can create an account (OGD suspense account) to facilitate the management of funds contributed by the partners in an initiative.

6. How are the reporting requirements of the partners in a collaborative arrangement to be satisfied without creating additional work?

It is important for all the parties in a collaborative arrangement to agree at the outset on common/shared objectives and to define the performance measures and reporting requirements that will demonstrate that these objectives have been achieved. (See Section B of this guide)

A department, particularly in the context of a collaborative arrangement, can let a contract of behalf of other departments, using its own authority.

7. I have an arrangement with another department whereby my department will be carrying out the work. How do I get the money?

The most common procedure for recovering funds from another department is the Interdepartmental Settlement Process. (See Sections E2 and E3 of this guide)

8. Can a government department let a contract on behalf of another department?

Yes. A department, particularly in the context of a collaborative arrangement, can let a contract of behalf of other departments, using its own authority. That department can pay for the contract out of an OGD suspense account (if established), or out of its own appropriations and recover its costs by invoicing the other participating departments. In some cases it may be possible for each of the participating departments to be invoiced directly by the contractor. (See Section E2 of this guide)

9. Why can't the government create a fund that could be used by several departments in a given Region to work together on community programs?

In theory this can be done, although the creation of a fund to be shared by a number of different departments would raise complex administrative and accountability issues, given that Parliamentary appropriations are voted for a specific purpose and that Parliament

holds individual ministers accountable for the funds allocated to their portfolio. However, there are ways for departments with a common objective to pool resources together in support of collaborative arrangements. (See Section E2 and 3 of this guide)

10. What are the legal implications, if any, of federal departments partnering with a private sector firm?

It is wise to be cautious about partnering with private sector firms. The legal implications relate to possible liabilities. Provincial laws govern partnerships involving private sector firms. In that context, a partnership means "...to be legally bound by the acts of partners and legally liable for partnership debts, on the basis that what one partner does is done as an agent for the other." The Department of Justice has advised that some partnerships could lead to violations of the *Financial Administration Act* if the government is held liable for amounts exceeding approved parliamentary appropriations. This risk can be reduced by ensuring that agreements explicitly document the mechanisms and conditions under which losses would be shared or guaranteed, and by capping maximum federal exposure in line with approved program/project authorities. (See Section E5 of this guide)

11. In partnership arrangements between federal departments and other levels of government or NGOs, how is liability for losses established?

It is prudent to anticipate such circumstances and document the mechanisms and conditions under which losses would be shared or guaranteed, and by capping maximum federal exposure in line with approved program/project authorities. (See Section E5 of this guide)

12. When do horizontal initiatives require the development of an RMAF? If required, would this cover only the federal portion of the initiative?

The development of an RMAF is mandatory when requesting Treasury Board approval for a Transfer Payment (Grants, Contributions). The requirement for an RMAF cannot be enforced on non-federal organizations. However, it represents a sound and beneficial approach to results-based management and it is particularly useful for managing horizontal initiatives that are complex and where clarity of the respective roles, responsibilities and accountabilities of all partners is critical.

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Glossary

Accountability (Responsabilisation)

Formal Government Definition — Accountability is the obligation to answer for the exercise of one's responsibilities. Accountability to Parliament, program clients and ultimately the Canadian taxpayer is an essential ingredient of the government's management framework. It means accounting to Parliament on the efficient and effective use of appropriated resources to achieve program objectives. The aim is to ensure that parliamentarians and the public see that taxpayers' dollars have been spent with due regard for probity and prudence and that the intended objectives have been achieved.

General Definition — Accountability refers to the obligation to demonstrate and take responsibility for the performance in light of agreed expectations, and answers to question: Who is responsible to whom and for what?

Accountability Framework (Cadre de responsabilisation)

Defines the nature and scope of responsibilities, identification of key results, performance expectations, and the monitoring and reporting strategies. These are often developed in collaboration with partners.

Appropriation (Crédits parlementaires)

Any authority of Parliament to pay money out of the Consolidated Revenue Fund is an appropriation.

Agreement (Accord)

The term "agreement" takes on a legal meaning when applied to collaborative relationships with non-federal organizations, i.e., agreements are legally binding.

Collaborative Arrangement (Entente de collaboration)

A collaborative arrangement (or partnership), from the perspective of the public sector, is an arrangement between a government institution and one or more parties (inside or outside government) where there is an explicit agreement to work cooperatively to achieve public policy objectives and where there is:

Delineation of authority and responsibility among partners.

Joint investment of resources (such as time, funding, expertise).

Allocation of risk among partners.

Mutual or complementary benefits.

Consolidated Revenue Fund (Trésor)

The Consolidated Revenue Fund (CRF) is the aggregate of all public moneys that are on deposit at the credit of the Receiver General.

Contribution (Contribution)

Unlike grants, a contribution is a conditional transfer made when there is or may be a need to ensure that payments have been used in accordance with legislative or program requirements. More specifically, contributions are based on reimbursing a recipient for specific expenditures according to the terms and conditions set out in the contribution agreement. Terms and conditions include key elements such as identification of recipient(s), explanation of how the proposed contribution furthers program objectives, maximum amount payable, basis and timing of payment, who has authority to approve, sign and make payment, audit arrangement, and evaluation criteria to assess the effectiveness of the contribution program relative to its objectives.

Governance (Gouvernance)

Governance refers to the processes and structures through which power and authority are exercised, including the decision-making processes, i.e., who participates and how.

Grant (Subvention)

A grant or a class of grants is an unconditional transfer payment where the government chooses to further policy or program delivery by issuing payments to individuals or organizations. Eligibility criteria and applications received in advance of payment provide sufficient assurance that the objectives of payment will be met; therefore specific conditional agreements with the recipient are not required. The government must list a grant or a class of grants in the Estimates.

Indicator (Indicateur)

An indicator is a specific quantitative and/or qualitative measurement for each aspect of performance (output or outcome) under consideration.

Interdepartmental Settlement (Réglement interministériel)

An Interdepartmental Settlement refers to a settlement between any two government departments or agencies that operate within the Consolidated Revenue Fund.

Net Voting (Crédits nets)

Net voting is an alternative means of funding selected programs or an activity wherein Parliament authorizes a department to apply revenues towards costs directly incurred for specific activities and votes the net financial requirements for one fiscal year at a time. Under net voting, users finance only part of the cost of a program while general revenues finance the remainder.

OGD Suspense Account

(Compte d'attente des autres minitères du gouvernement)

A suspense account is an account to which a transaction is posted on a temporary basis until its ultimate disposition is determined. As such, Other Government Department (OGD) suspense accounts do not represent a Parliamentary authority and therefore cannot be used per se to authorize payment out of the Consolidated Revenue Fund. At year-end, unspent funds in an OGD suspense account must be returned to the funding department.

Outcomes (Résultats)

An outcome is an event, occurrence, or condition that is outside the activity or program itself and has an actual effect on, or is of benefit to, Canadians. An expected short-term outcome describes what is expected to occur as a direct result of the program activities and products. A medium-term outcome is an outcome that is expected to lead to a desired end but is not an end in itself. A long-term outcome is the end result that is sought (such as reduced incidence of crimes). A program may have multiple outcomes for each of the different timeframes.

Outputs (Extrants)

Outputs are operational results over which an organization has control.

Parliamentary Control (Contrôle parlementaire)

Parliamentary control influences the government management framework. Parliament is the supreme legislative body and authorizes all payments out of the Consolidated Revenue Fund (CRF) through special Acts or through the passage of Appropriation Acts. The Appropriation Act specifies the amounts and defines the purpose for which funds may be used. Unless otherwise provided in the vote wording, in Appropriation Acts or other legislation, appropriations lapse at year-end. As well, all revenues and other public moneys must be deposited in the CRF.

In a legal sense, a "partnership" means "...to be legally bound by the acts of partners and legally liable for partnership debts, on the basis that what one partner does is done as an agent for the other."

Partnership (Partenariat)

A partnership, in common terminology, is an arrangement between a government institution and one or more parties (inside or outside government) where there is an explicit agreement to work cooperatively to achieve public policy objectives and where there is:

Delineation of authority and responsibility among partners.

Joint investment of resources (such as time, funding, expertise).

Allocation of risk among partners.

Mutual or complementary benefits.

Performance Information **(Information sur le rendement)**

Performance information means reporting on the extent or impact of activities and products on clients and/or expected outcomes on clients and stakeholders.

Performance Measurement **(Mesure du rendement)**

This means regular measurement of the results (outputs/outcomes) and efficiency of services or programs.

Performance Measurement Strategy
(Stratégie de mesure du rendement)

The approach used by an organization to demonstrate the extent to which performance expectations have been met. The accomplishments are supported by performance evidence, such as evaluation and audit findings.

Revolving Fund **(Fonds renouvelable)**

A revolving fund is a continuous authorization by Parliament to make payments out of the CRF to sustain operations. Users fund this type of operation almost completely and it is generally considered self-sufficient.

Risk Management **(Gestion des risques)**

Risk management involves determining the probability, impact, and materiality of an event happening. The objective of the risk management is to limit or minimize the damage to and liability of the Crown.

The risk management analysis and assessment process includes the identification of potential perils, factors and types of risks, including financial risks, to which departmental assets, program activities and interests are exposed. Departments must analyze and assess the risks identified, select safe options, and design and implement cost-effective prevention and control measures.

Shared (or distributed) Governance and Accountability
(Gouvernance et responsabilisation partagées (ou réparties)

Distributed governance and accountability occurs when the processes and structures for the exercise of power are distributed and the obligations to demonstrate and take responsibility for performance in the areas of policy, program design or program delivery are delegated or shared.

Specified Purpose Account (Compte à fins déterminées)

A specified purpose account is opened in the general ledger to ensure that moneys received for a specified purpose are used only for that purpose. It is recorded as a liability of the Government of Canada, as it constitutes a financial obligation of the government. Funds deposited in a Specified Purpose Account do not lapse at the end of a fiscal year.

Results (Réalisations)

Generally measured as outputs or outcomes (see above for the definition of each).

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